



Endless ways to the future

SECO: Q1 2022 Results and Business update presentation

May 13, 2022

Disclaimer

This document has been prepared by SECO S.p.A. (“SECO” or the “Company”), for information purposes only, exclusively with the aim of assisting you to understand and assess the activities of SECO. The information contained in this presentation does not purport to be comprehensive and may not have been independently verified by any independent third party.

Statements contained in this presentation, particularly regarding any possible or assumed future performance of the SECO Group, are or may be forward-looking statements based on SECO’s current expectations and projections about future events.

Such forward-looking statements are subject to risks and uncertainties, the non-occurrence or occurrence of which could cause the actual results, including the financial condition and profitability of SECO to differ materially from, or be more negative than, those expressed or implied by such forward-looking statements, due to any number of several factors, many of which are beyond the ability of SECO to control or estimate precisely. Consequently, SECO and its management can give no assurance regarding the future accuracy of the estimates of future performance set forth in this document or the actual occurrence of the predicted developments.

The data and information contained in this document are subject to variations and integrations. Although SECO reserves the right to make such variations and integrations when it deems necessary or appropriate, SECO assumes no affirmative disclosure obligation to make such variations and integration, except to the extent required by law.

SECO does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

Any reference to past performance of the SECO Group shall not be taken as an indication of future performance.

In addition, this presentation includes or may include certain “Adjusted” financial and operating indicators and other measures, which have been adjusted to reflect extraordinary events, non-recurring transactions and activities which are not directly related to the Group’s ordinary business.

Such “Adjusted” information has been included to allow a better comparison of financial information across the periods; however, it should be noted that such information is not recognized as measures of financial performance or liquidity under IFRS and/or do not constitute an indication of the historical performance of the Company or the Group. Therefore, investors should not place undue reliance on such data and information.

This presentation does not constitute a recommendation regarding the securities of the Company.

This document does not constitute or form part of any offer or invitation to purchase or subscribe any shares issued by the Company and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

By reading this presentation, you agree to be bound by the terms set out.

Here today



Massimo Mauri
CEO



Lorenzo Mazzini
CFO

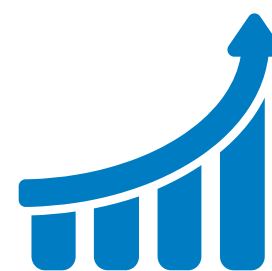
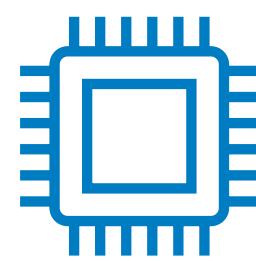


Marco Parisi
Head of Investor Relations

Key takeaways from 2022 YTD

1.

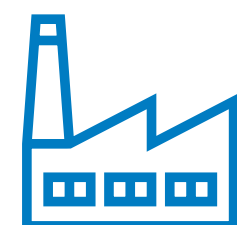
Delivering execution in a complex scenario



- Components' availability is key to **ensure continuity in deliveries** to our customers
- Gross margin and cash flow pressure to be seen as contingent, short-term effects of the most difficult quarter of this year
- **Q1 2022**: Net sales at **€42.8m, +120%** vs. Q1 2021(**+56%** organic, **+45%** on a like-for-like basis)
- Adj. EBITDA at **€8.6m (20.0%** of sales), **+86%** vs. Q1 2021

2.

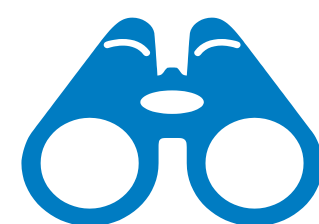
Solid and resilient business model



- **GPM** incidence stable vs. FY 2021, at **47%** despite components' shortage on the market
- SaaS business at **€3.7m** in Q1 2022 (**+68%** vs. Q4 2021)

3.

Increased visibility on 2022-23






- **Order backlog at €164m** at 30.04.22 vs. **€69M** (April 2021) on a like-for-like basis
- **FY Net sales guidance at €200m confirmed**
- **Q2 2022 Net sales**: official guidance at **€51m-52m**, **+128%-133%** vs. Q2 2021 (**+67%-71%** organic, **+51%-54%** on a like-for-like basis)

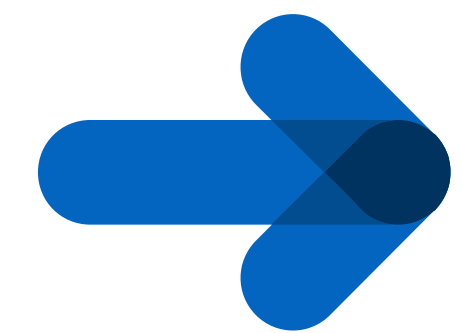
Key takeaways from 2022 YTD (cont'd)

A resilient business model: how we are facing the components' shortage

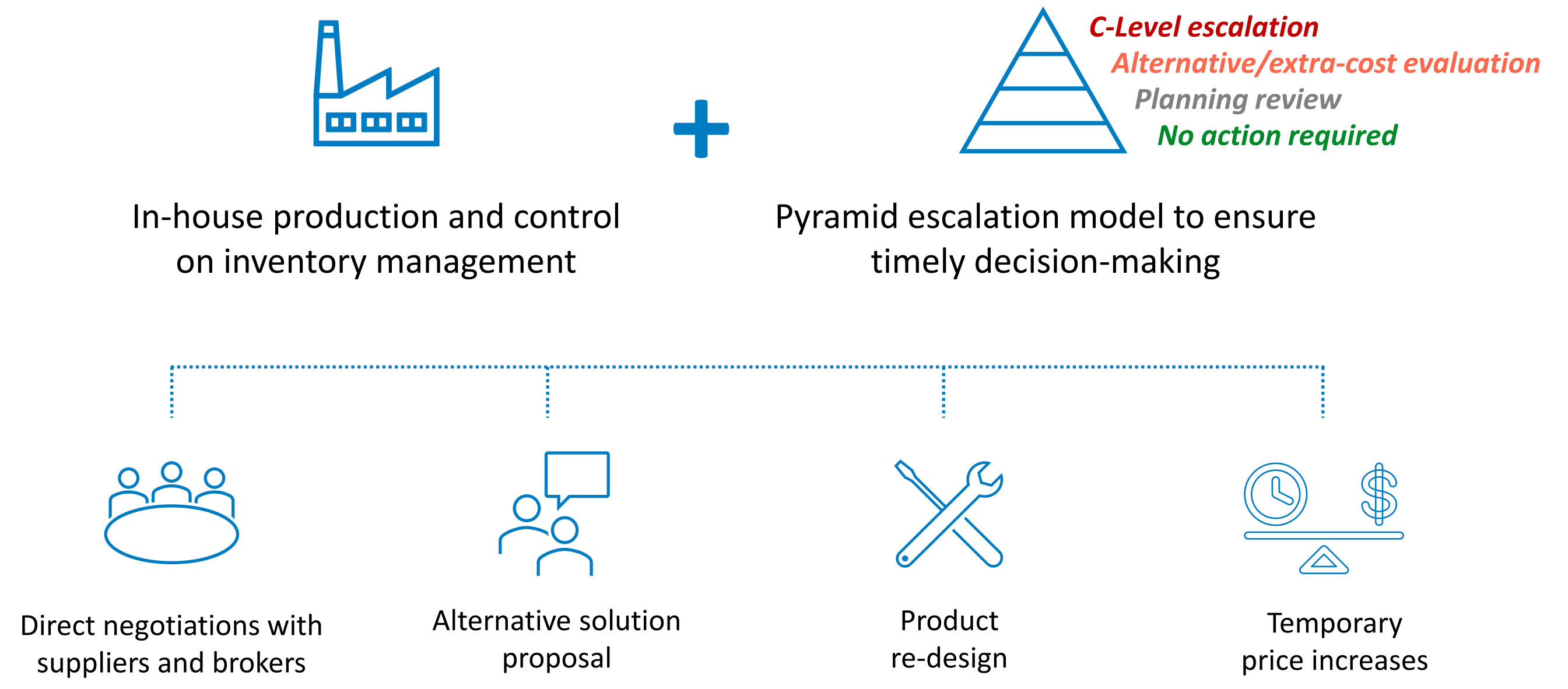
Ensuring shipping continuity: today's most powerful way to strengthen our **long-term competitive advantage** and acquire **new business opportunities**

Shortage main impacts on SECO business

-  Decreasing GPM on the edge computing business
-  Working capital increase to maximise components availability
-  Difficulties in finding some components impacted on some product deliveries scheduled for end of Q1 2022



Our levers to tackle it and keep delivering customer orders



Q1 2022 financial highlights



Strong revenue growth, with gross margin substantially unchanged vs. end-of-2021 levels

+120%
Net sales growth

€42.8m in Q1 2022 (vs. €19.4m in Q1 2021)

- **+56%** organic growth, **+45%** like-for-like growth in Q1 2022 vs. Q1 2021
- Edge computing business growing at **~106%** in Q1 2022 vs. Q1 2021
- SaaS revenue at **~€3.7m** in Q1 2022 (**+68%** vs. Q4 2021)
- Growth distributed across EMEA, APAC and USA

+104%
Gross margin growth

€20.1m in Q1 2022 (vs. €9.8m in Q1 2021)

- **47.0% of net sales in Q1 2022, vs. 50.6% in Q1 2021**
- Profitability substantially unchanged vs. FY 2021, despite components shortage affecting all the market
- Price increase actions adopted have helped maintain stability in the gross margin incidence
- Positive impact from CLEA revenue



Endless ways to the future

Q1 2022 financial highlights (cont'd)



Sustained Adj. EBITDA growth thanks to Edge computing + SaaS businesses expansion

+86%

Adj. EBITDA growth

€8.6m in Q1 2022 (vs. €4.6m in Q1 2021)

- **20.0% of net sales in Q1 2022** vs. 23.7% in Q1 2021
- Q1 2022 vs. Q1 2021 change in incidence substantially due to gross margin effect

+31%

Adj. Net Income growth

€3.2m in Q1 2022 (vs. €2.5m in Q1 2021)

- **7.5% of net sales in Q1 2022** vs. 12.6% in Q1 2021
- D&A: +€1.7m higher vs. Q1 2021, driven also by purchase price allocation (PPA) on G&F customer list
- Financial expenses: +€0.7M higher vs. Q1 2021, largely due to G&F acquisition financing
- Potential upside (taxes calculated with theoretical tax rate)



Endless ways to the future

Net sales

€42.8m

Q1 2022 Net sales

+€23.3m

Q1 2022 vs. Q1 2021



Q1 2022 vs. Q1 2021 growth

+106%

Edge computing growth
(~+40% on a like-for-like basis)

+620%

SaaS growth

9% of Net sales



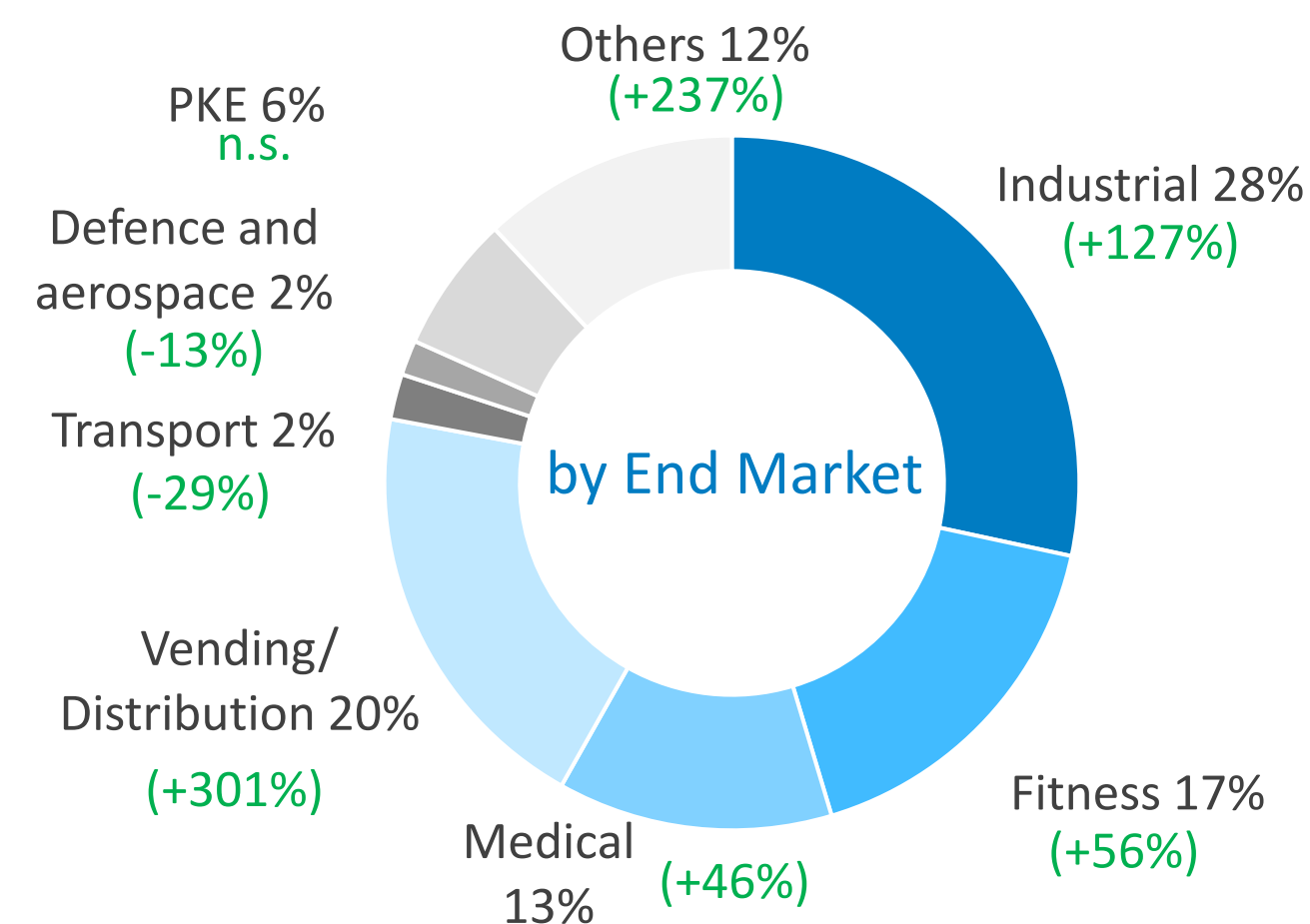
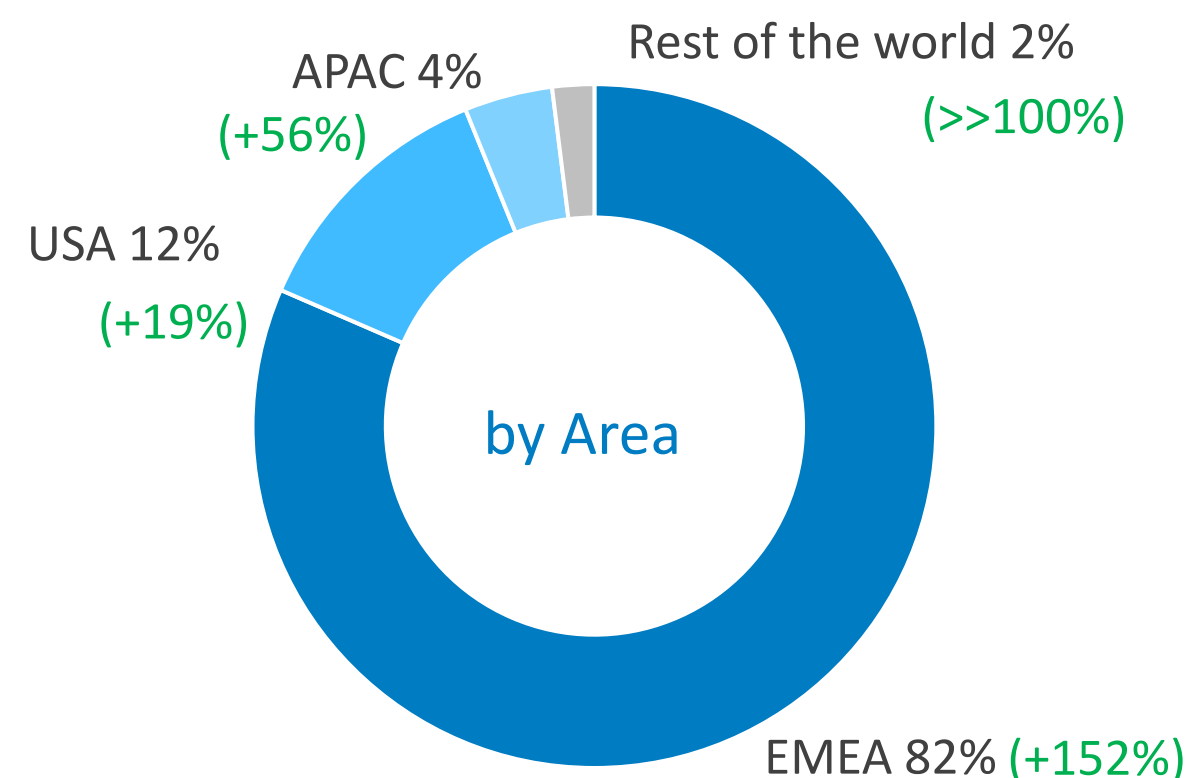
~€3.7m

Q1 2022 SaaS revenue

+68%

vs. Q4 2021

Net sales breakdown (Q1 2022)



Legend

(±XX%) Change vs. Q1 2021

- Q1 2022 Net sales growing by **+120%** vs. Q1 2021 (**+56%** organic, **+45%** on a like-for-like basis)
- Edge computing business at **+106%** in Q1 2022, largely thanks to a growth in the Industrial, Fitness, Medical, Vending industries

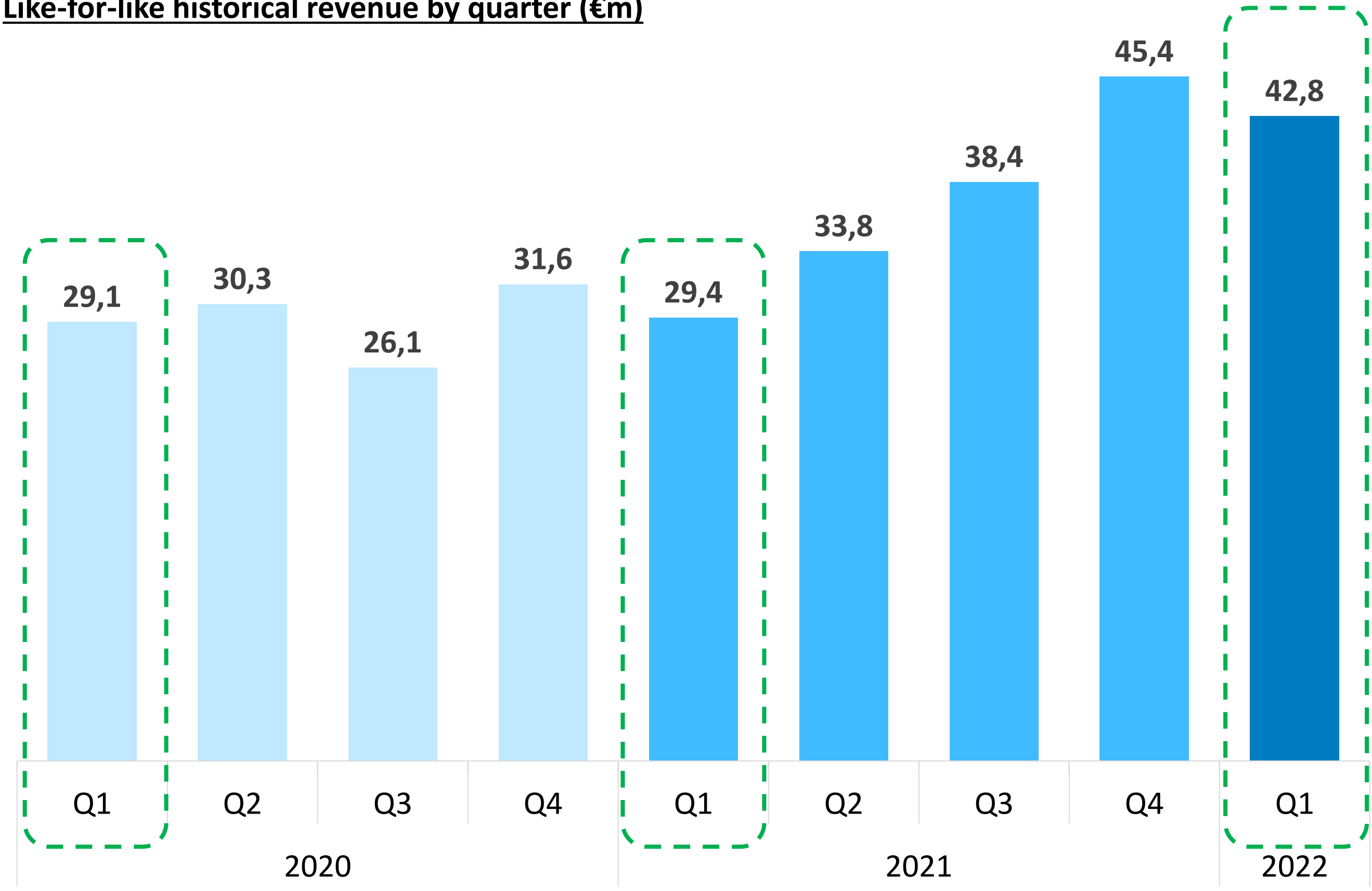
- SaaS business continuing its strong expansion trend, hitting ~€3.7m revenue in Q1 2022 (**+620%** vs. Q1 2021, **+68%** vs. Q4 2021)
- EMEA, APAC, USA markets all showing growth trends



Net sales

Strong quarter-by-quarter growth driven by organic and M&A expansion

Like-for-like historical revenue by quarter (€m)



Average quarterly revenue

- €29,3M**

 Q1-Q4 2020
- €36,7M**

 Q1-Q4 2021
- €42,8M**

 Q1 2022



Quarterly revenue CAGR
(Q1 2020 → Q1 2022)

- 5%**

 Like-for-like
- 7%**

 Organic



Adjusted EBITDA

€8.6m

Q1 2022 Adj. EBITDA

+€4.0m

Q1 2022 vs. Q1 2021

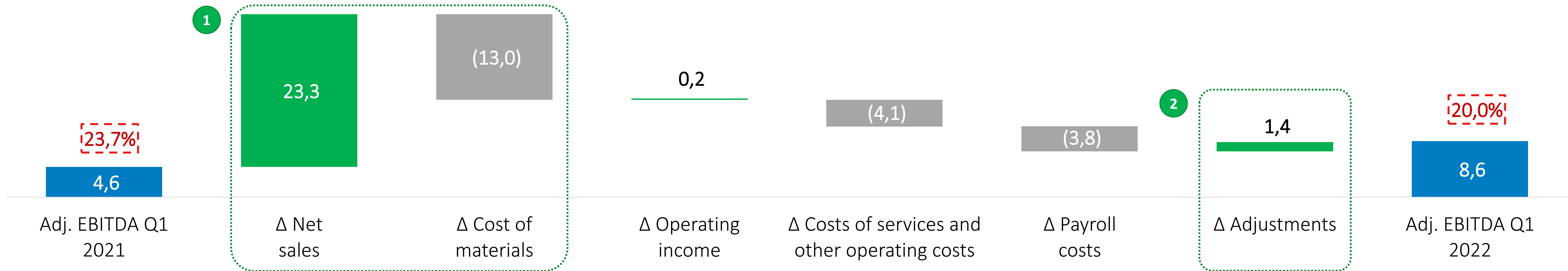
+86%

% growth vs. Q1 2021

20%

of Net sales

Adjusted EBITDA bridge (€m)



1 Gross margin effect

- **+86% growth** vs. Q1 2021 explained by **strong business expansion** in Edge computing and SaaS segments
- Gross margin lower incidence explaining most of the change in Adj. EBITDA %

(Q1 2022 vs. Q1 2021)

Δ GPM% → -3.6%

Δ Adj. EBITDA% → -3.7%

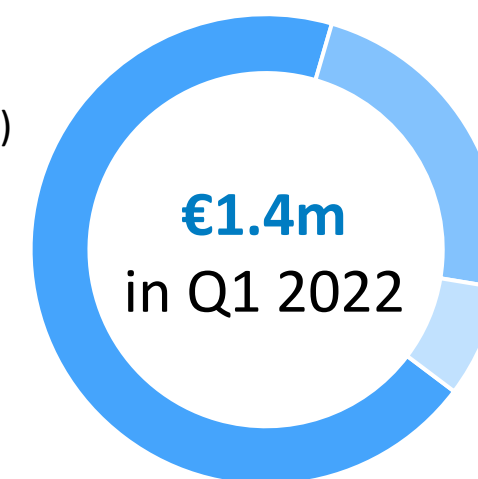
2 Adjustments

- Q1 2022 EBITDA Adjustments

3 year Stock Option Plan actuarial value (non-monetary item) €0,9m

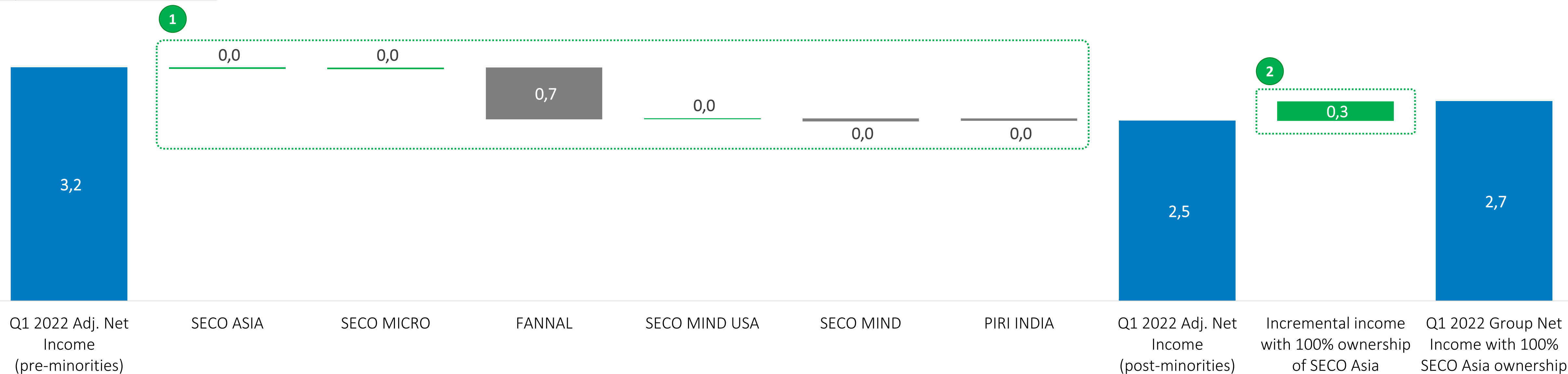
M&A transaction costs €0,3m

Foreign exchange losses €0,1m



Adjusted Net Income

Adjusted Net income (€m)



1 Adj. Net income

- D&A: +€1.7m higher vs. Q1 2021, driven also by purchase price allocation (PPA) on G&F customer list
- Financial expenses: +€0.7M higher vs. Q1 2021, largely due to G&F acquisition financing
- Potential upside (taxes calculated with theoretical tax rate)

2 Minority interests

- Minority stakes attributed to key people of some subsidiaries for incentivization purposes
- In Q1 2022, most of minority interests concentrated into Fannal, in which SECO SpA holds a 28% share (= 51% * 55%) as illustrated below:



- Put/Call option systems in place for SECO to rise to 100% of all companies at single-digit EBITDA multiples

3 Effect of rising to 100% of SECO Asia

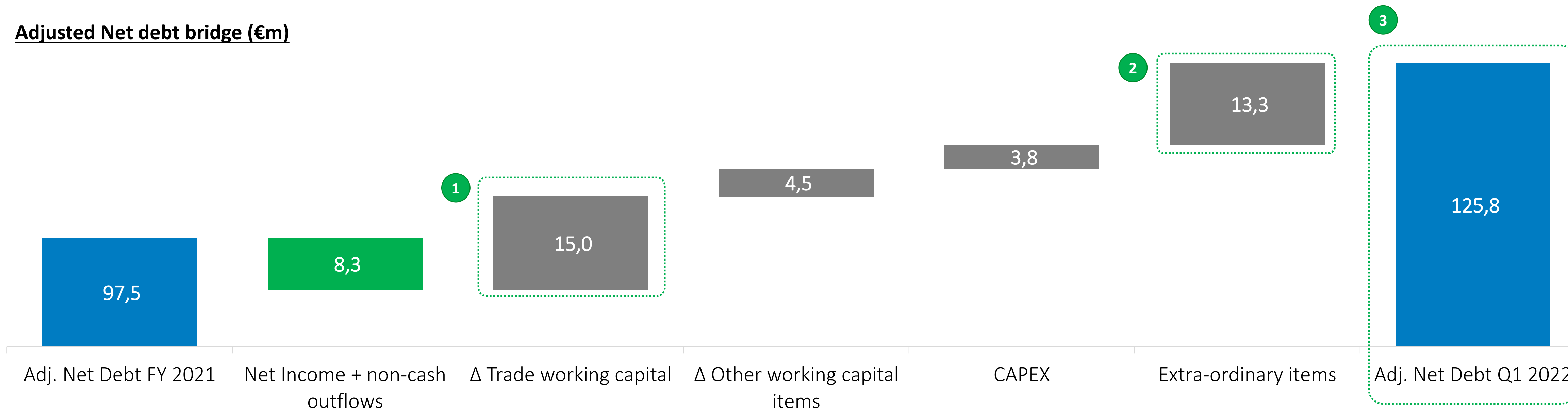
- Remaining 49% of SECO Asia, owned by Simest SpA, can be bought by SECO at the Simest SpA entry valuation (~€3,4m)

→ ~€0.3m positive effect on post-minorities Net income after acquisition of SECO Asia minority share



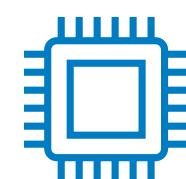
Adjusted Net financial position

Adjusted Net debt bridge (€m)



1 Working capital

- ~€15m impact, mainly due to:



Increased inventory (~€12m) to ensure components availability

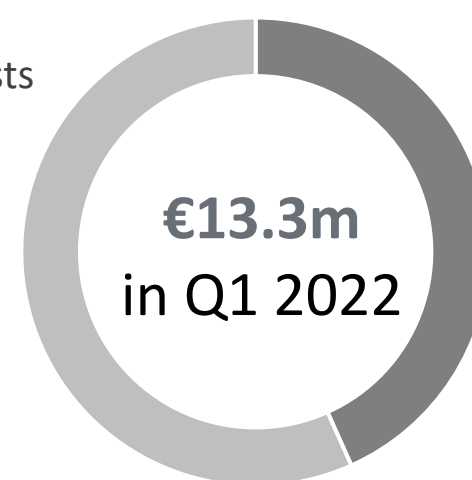


Higher trade receivables (~€4m) to sustain continuing growth of business

2 Extra-ordinary items

- ~€13m impact from extra-ordinary items

G&F M&A transaction costs
€7,5M

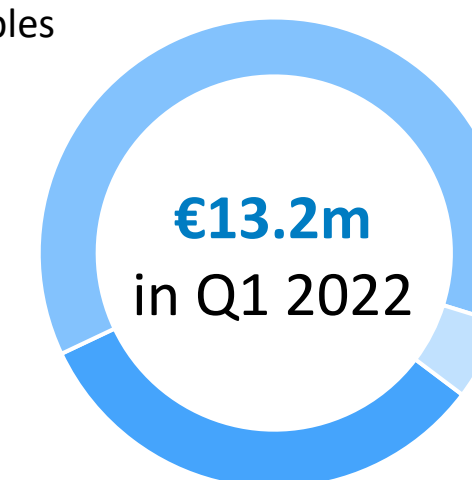


Treasury shares purchase €5,7M

3 Net debt Adjustments

- Q1 2022 Net debt Adjustments

VAT receivables
€4,3m



Lease liabilities ex-IFRS 16 €8,2m

Derivatives €0,7m

Business Update

Leading the next frontier of innovation

A large number of start-ups and software houses will develop **CLEA-based apps** ...

... making them available on the **CLEA app store**

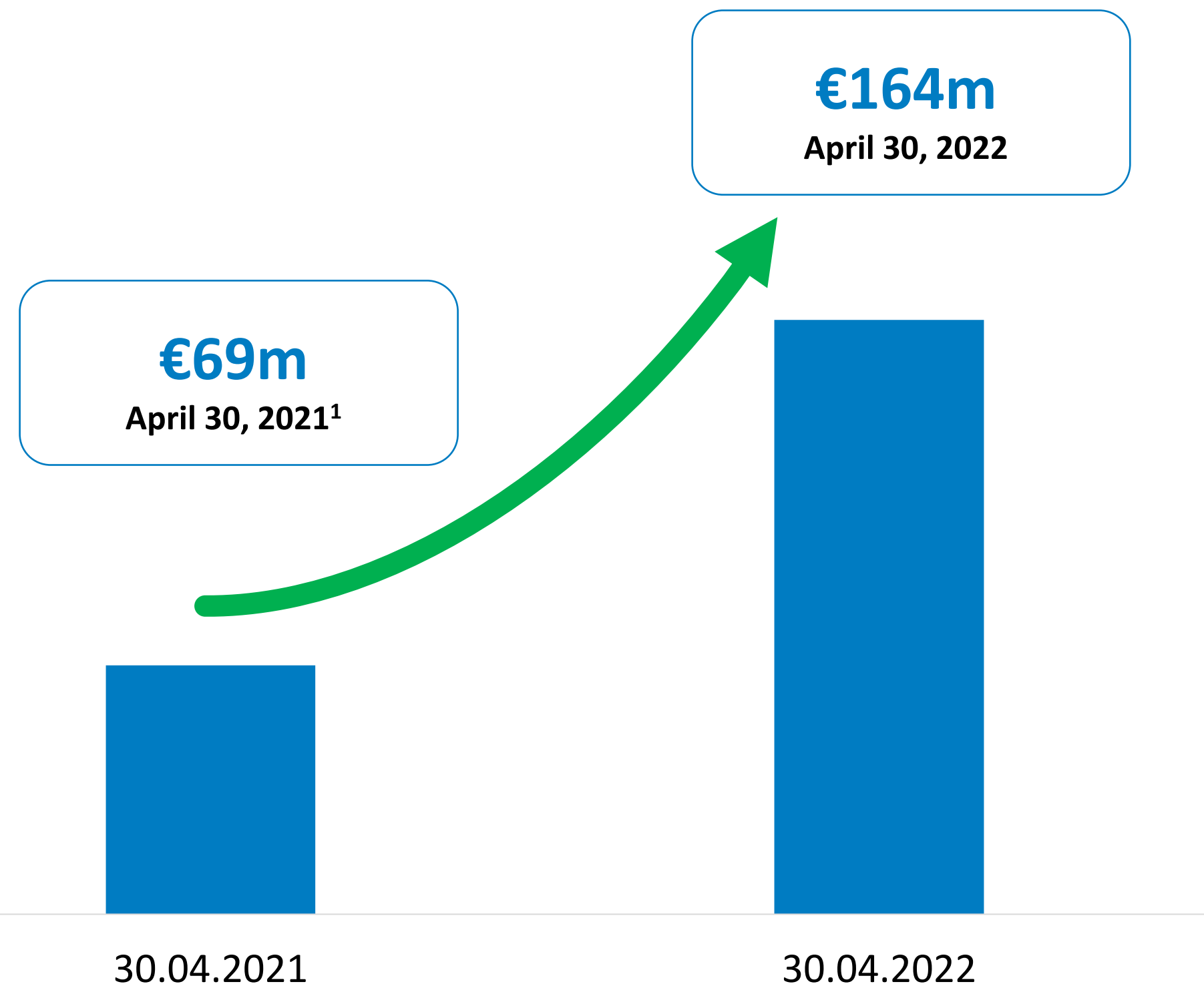


Endless ways to the future

April '22 backlog

Strong visibility on 2022 and 2023 from both historical business and recently acquired companies

Total Order backlog (€m)

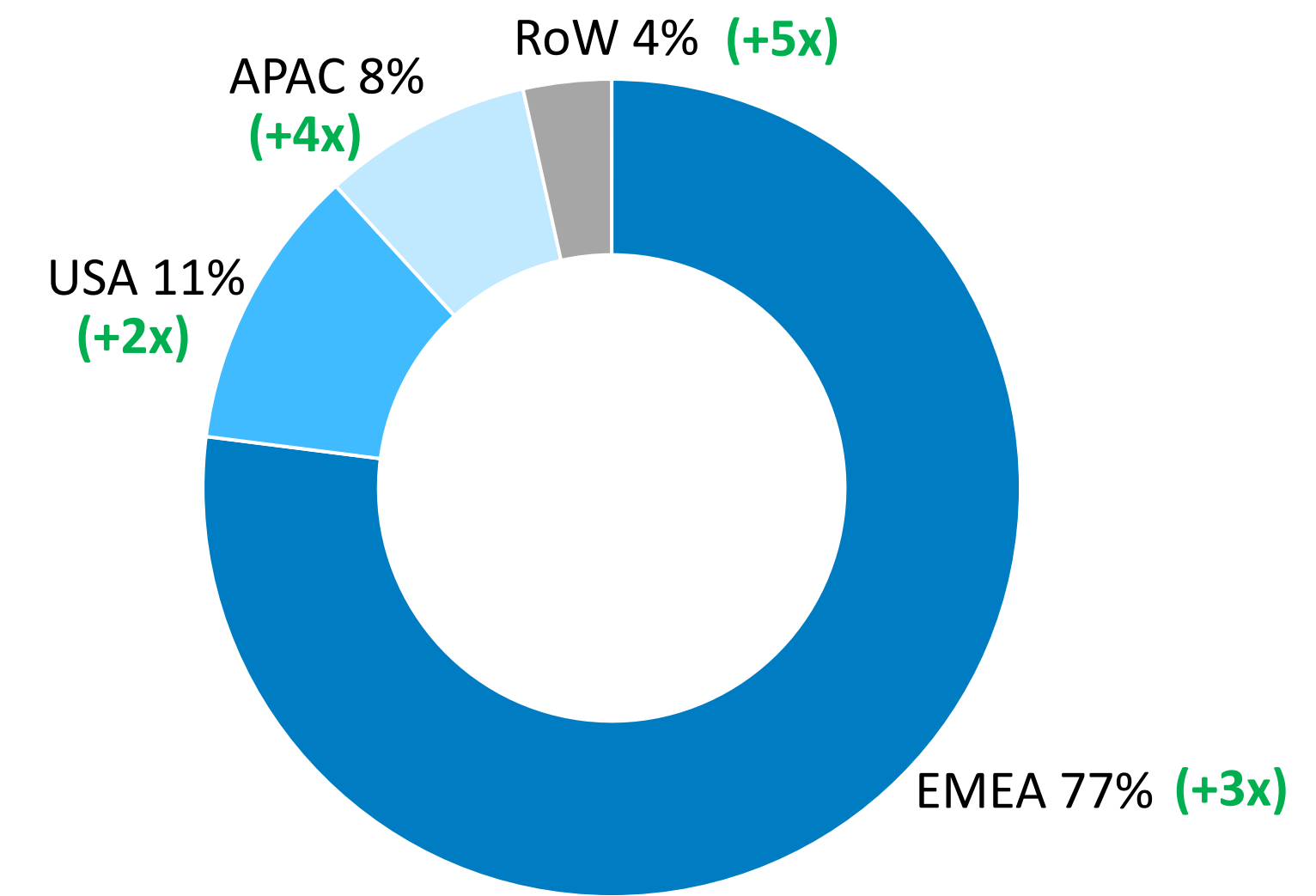


Growth rates (Apr22 vs. Apr21)

>2x
Like-for-like¹ order backlog increase

~3x
Order backlog increase without G&F contribution

Apr22 Order backlog by area



Legend
(±...)% Change vs. Apr. 2021

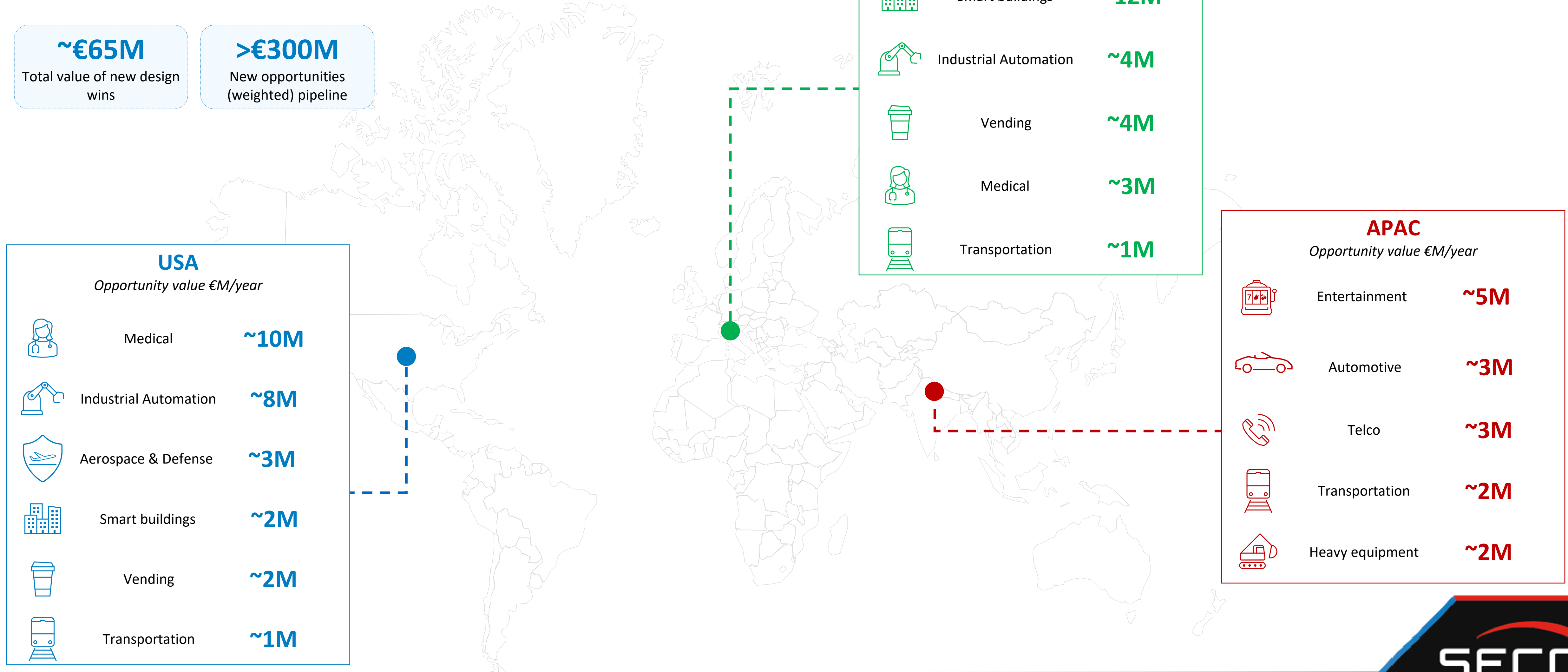
¹ Considering also Garz & Fricke Group figures as of April 30, 2021
Note: percentages may not sum to 100% due to rounding

Edge computing business

Increasing our presence in new and existing sectors

~€65M
Total value of new design wins

>€300M
New opportunities (weighted) pipeline



USA
Opportunity value €M/year

- Medical ~10M
- Industrial Automation ~8M
- Aerospace & Defense ~3M
- Smart buildings ~2M
- Vending ~2M
- Transportation ~1M

EUROPE
Opportunity value €M/year

- Smart buildings ~12M
- Industrial Automation ~4M
- Vending ~4M
- Medical ~3M
- Transportation ~1M

APAC
Opportunity value €M/year

- Entertainment ~5M
- Automotive ~3M
- Telco ~3M
- Transportation ~2M
- Heavy equipment ~2M

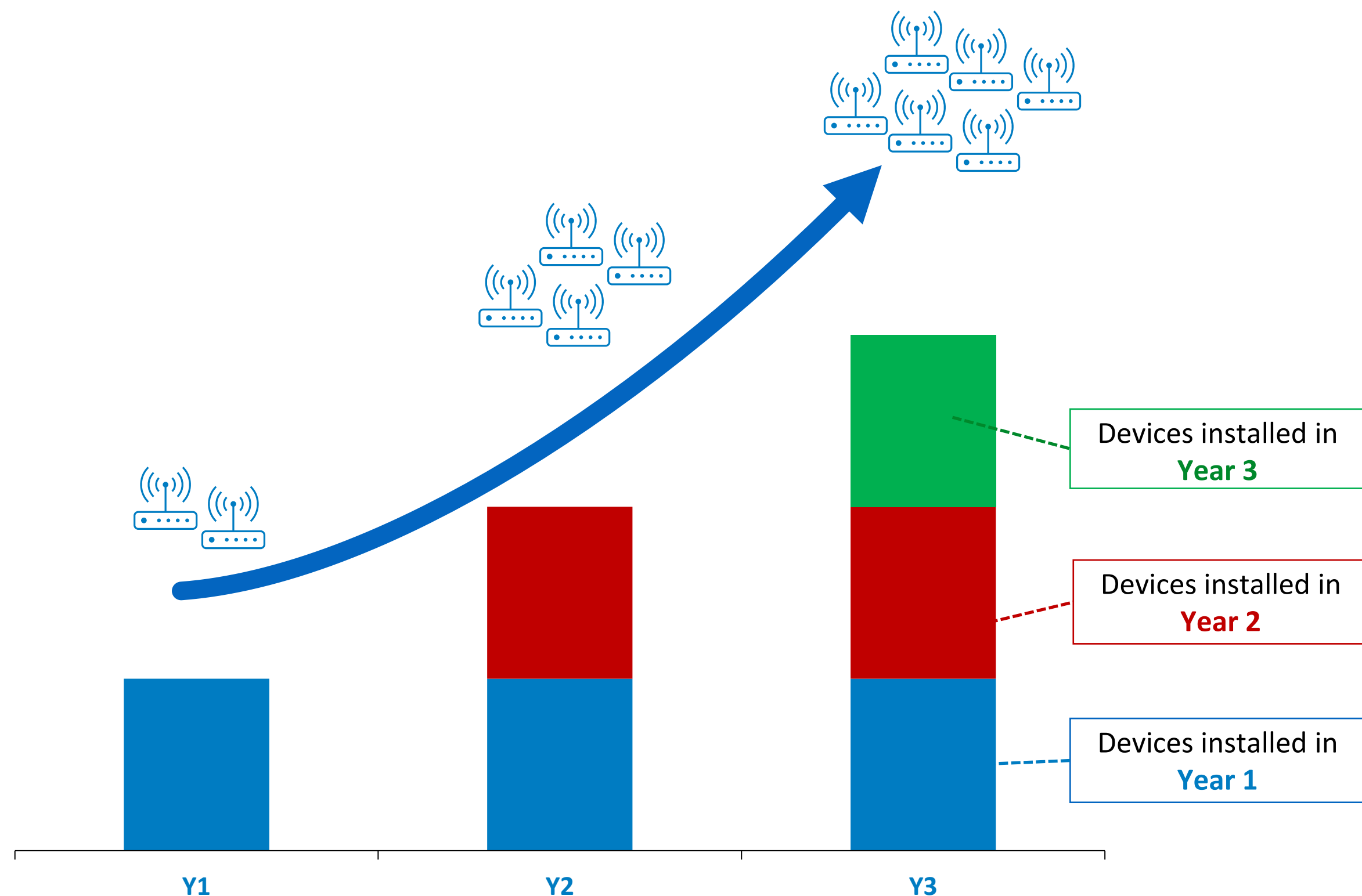


Endless ways to the future

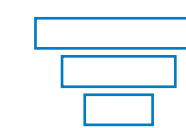
SaaS business

Devices installed base continues to generate revenues for the years to come

Recurring and incremental business model...



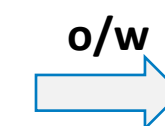
...being adopted in a larger number of sectors



Pipeline in continuous expansion

500k+
devices

Current pipeline, with opportunities in several fields of application



250k+
devices

Under contractualization



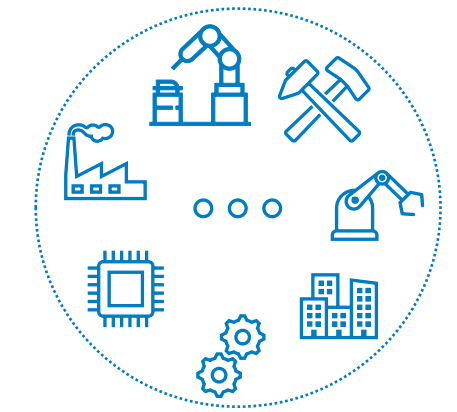
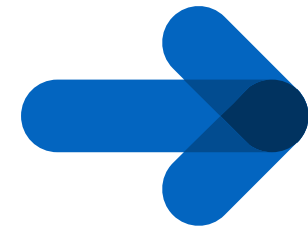
New projects starting every quarter

>10

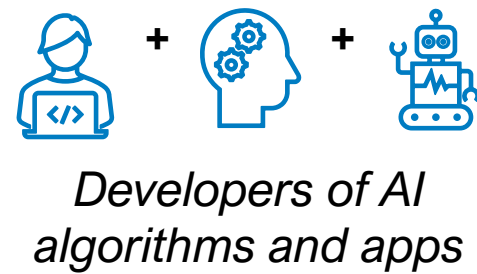
New CLEA projects opened in the last month
(**60%** of which in USA)

SECO-Camozzi Digital industrial partnership

A fast track to the App Store made by SECO



- Benefit from the **unique Industrial competences of Camozzi Group**
- Leverage a portfolio of **ready-to-use apps and algorithms**, a rapid expansion of CLEA applications for the Industrial market



- Camozzi Digital will transfer a business unit, becoming a **reference shareholder** of SECO



- Launch of **CLEA Smart HMI** and **CLEA Smart Factory**, **2 new versions of CLEA** for the Industrial world

SECO-Camozzi Digital partnership in numbers

>90

Ready-to-use apps to be integrated into CLEA

>3yr.

Time-to-market acceleration of SECO IIoT SaaS offering

Cumulated incremental SaaS revenue expected in 2023-25

~€50m

o/w ca. **€14M** already in 2024

€3.6m

CLEA licenses to be purchased by Camozzi Digital

~€5m

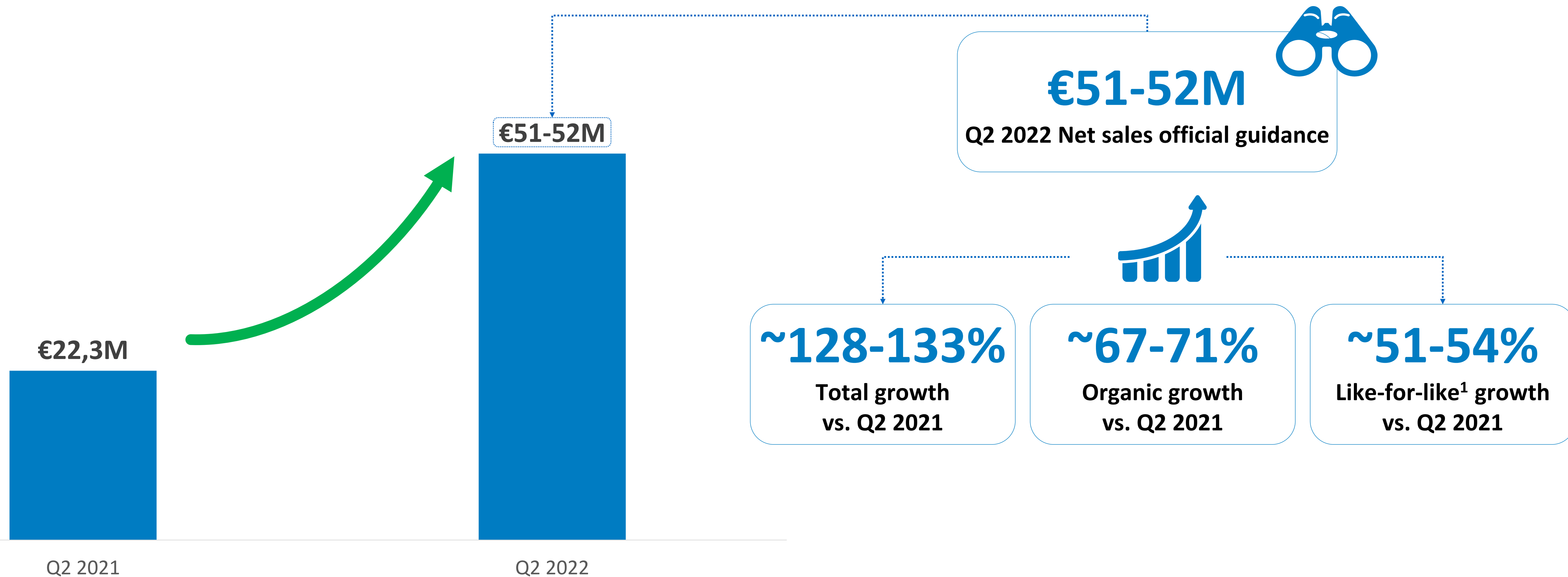
Edge computing (HMI) sales to Camozzi



Endless ways to the future

Q2 2022 official guidance

Organic growth expected to continue also in Q2 2022



¹ Considering the results of the Garz & Fricke Group from April 1, 2021

Final remarks

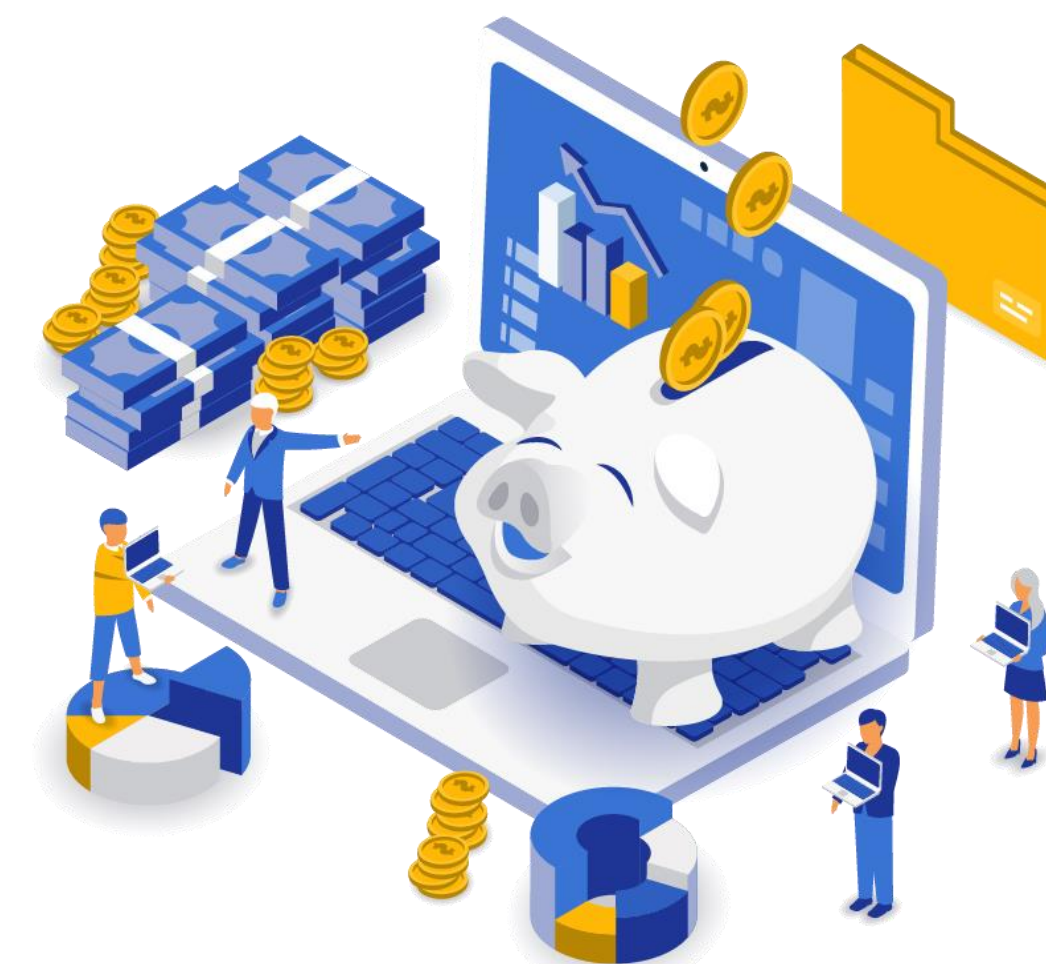
An innovative strategy to continue creating value for our shareholders



SaaS business (CLEA + App) transition
as a **game changer** for SECO and its
customers



Market leader
in the IoT-AI space



€400m+ Revenue (2025 target)
from strong organic growth



Endless ways to the future

Q & A



Endless ways to the future

ANNEX

Financials overview

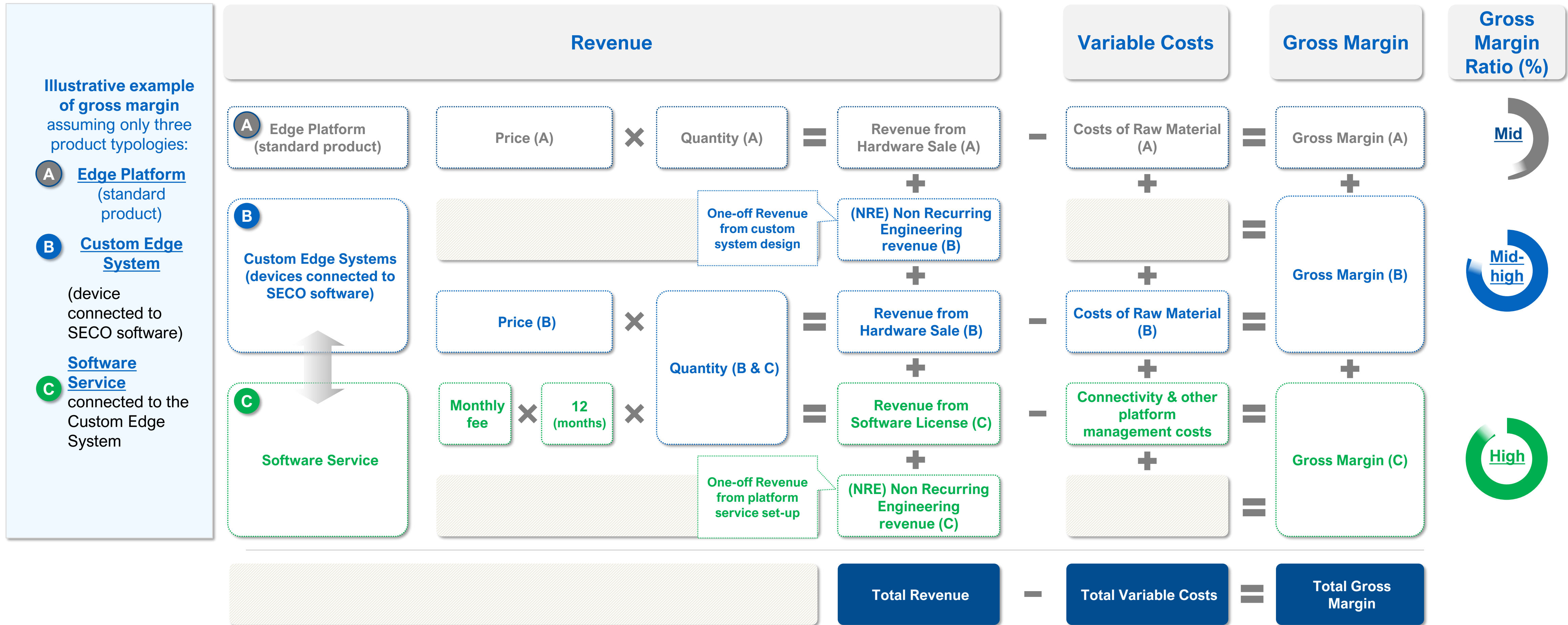
Income Statement

€mIn	Q1 2021	Q1 2022
Net Sales	19,4	42,8
Consumption Costs	(9,6)	(22,6)
Gross Margin	9,8	20,1
<i>% on Net Sales</i>	<i>50,6%</i>	<i>47,0%</i>
Other revenues	0,8	1,0
Personnel costs	(4,4)	(8,2)
Other Opex	(2,0)	(5,6)
Exchange gains/losses	0,2	(0,1)
EBITDA	4,5	7,2
<i>% on Net Sales</i>	<i>23,3%</i>	<i>16,9%</i>
EBITDA ADJ	4,6	8,6
<i>% on Net Sales</i>	<i>23,7%</i>	<i>20,0%</i>
Depreciation	(1,4)	(3,2)
EBIT	2,9	4,1
<i>% on Net Sales</i>	<i>14,7%</i>	<i>9,6%</i>
Financial expenses	(0,1)	(0,8)
Tax	(0,8)	(1,0)
Net Income	2,2	2,2
<i>% on Net Sales</i>	<i>11,4%</i>	<i>5,2%</i>

Balance Sheet

€mIn	FY 2021	Q1 2022
Net Working Capital	52,5	79,2
Total Fixed Assets	233,3	234,0
Other non-current assets	3,1	3,2
Provisions and other non-current liabilities	(16,4)	(16,4)
Net Invested Capital	272,5	299,9
Net Financial Position	109,5	139,0
Net Financial Position ADJ.	97,5	125,8
Total Equity	163,0	160,9
Total Funds	272,5	299,9

Revenue and cost model

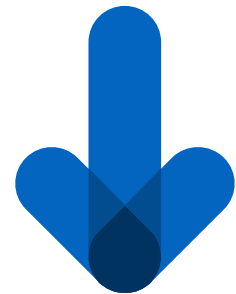


Note: all other costs (service, personnel, other) are mostly fixed costs

Business model



High revenue visibility



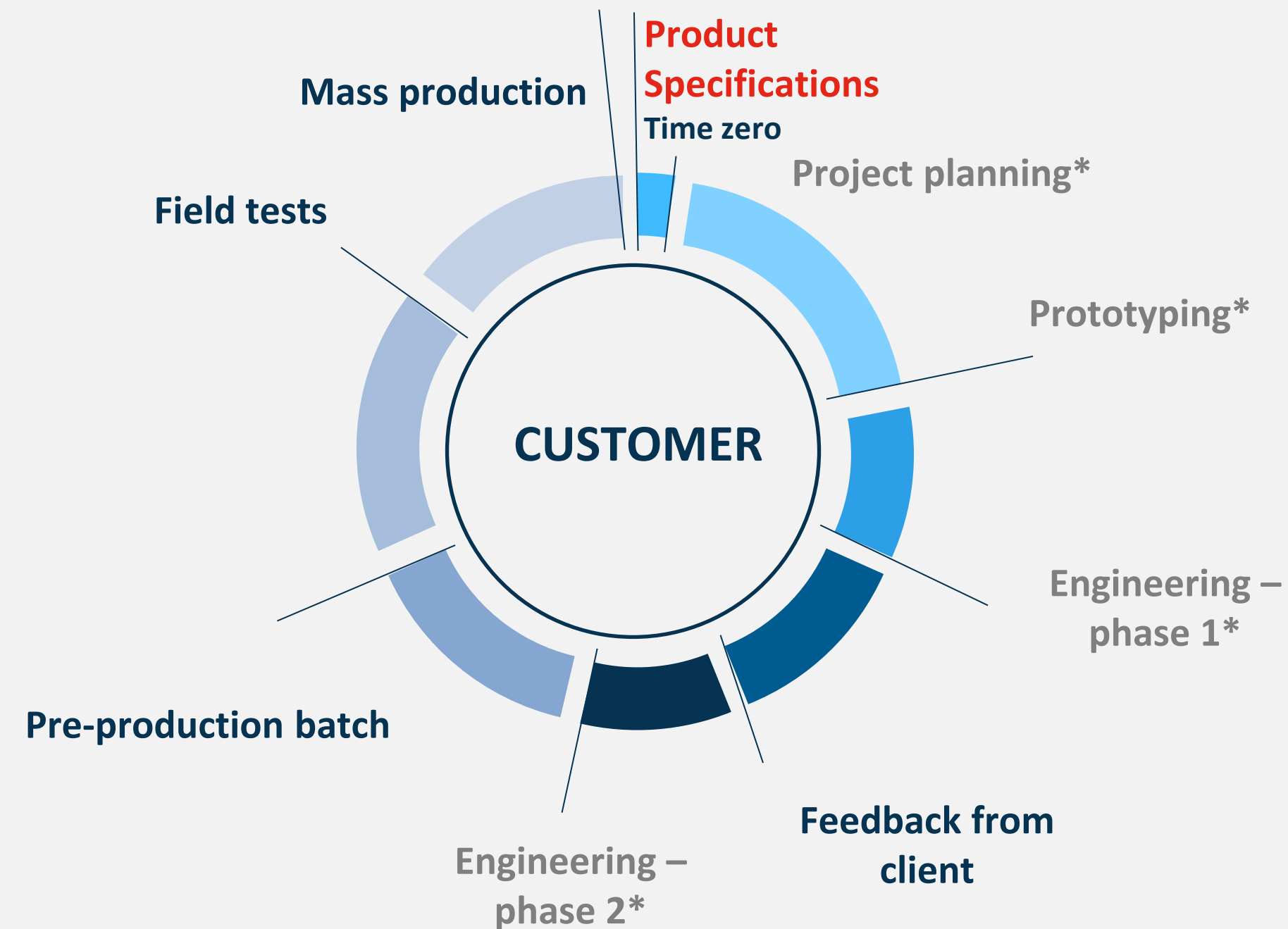
Multi-year product life cycle (3-5, up to 10+ years)

Order backlog coverage ~3-4 months

Forecasts from customers up to 12 months rolling

Recent design wins will translate into revenue after 5/18 months depending on products' typology

Product development & production process overview



Time to revenue

Standard Products
5-7 months

Custom Products
12-18 months

*Those production steps only refer to custom products



- **High success developing custom products** along with clients thanks to a rigorous planning of activities
- **Continuous interaction with clients** from design to manufacturing
- **Dedicated software services tailored on clients' needs** fully entrenched within product development and production process



Endless ways to the future

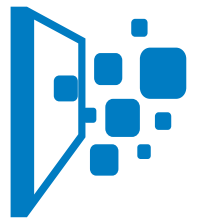
SECO at a glance

A worldwide spread center of excellence, with top-tier capabilities...



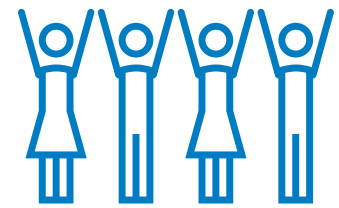
€200M

2022 FY expected revenue

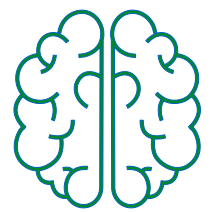


~900k devices

manufactured every year



>800 people



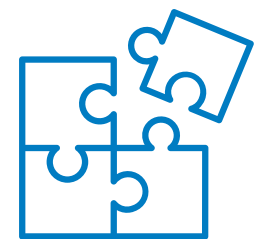
250+ R&D people

of which ~150 in AI algorithms development



~ 8-10%

of revenue invested in R&D every year



9 R&D centers

5 production plants



Endless ways to the future

SECO at a glance

A highly committed management team



40+ years

Daniele Conti
President & Co-Founder

Co-founder of SECO. He has been serving as president of the company for over 40 years. Under his leadership, the Group has grown in terms of technological expertise, human resources and financial performances.



6+ years

Massimo Mauri
CEO

20+ years experience as executive in several Tech companies. Strong experience in IPO and M&A transactions.



15+ years

Davide Catani
CTO

Joined SECO in 2006. CTO since 2020, after serving as Hardware developer and ARM-based platforms R&D manager.



5+ years

Vincenzo Difronzo
CSO

15+ years sales experience in worldwide leading hardware and software companies. Joined SECO in 2015.



15+ years

Carlos Valeiras
CEO SECO USA

20+ years experience as executive in several Tech companies. Former CFO of SECO USA from 2020.



15+ years

Angelo Peloni
COO

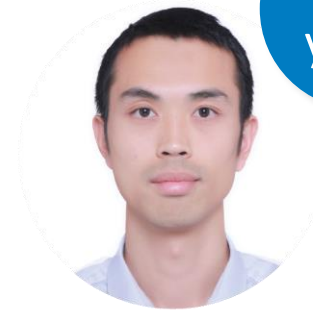
20+ years experience in Operations & Supply chain management. Joined SECO in 2003.



3 years

Michael Duhamel
Vice President of Sales SECO USA

20+ years of experience in sales and marketing for the largest industrial, embedded and automation solution providers. Previously in Eurotech USA.



3 years

Lesen Ding
CEO Fannal Electronics

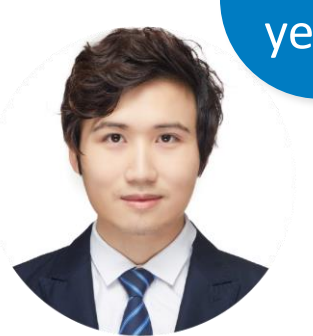
Founder and General Manager of Fannal Electronics (2011 – present).



~1 year

Angela Lepore
Group HR Director

15+ years of experience in HR management in multinational and international companies.



3 years

Alessandro Hong
CEO SECO China

Serving also as CFO of Fannal Electronics. Strong corporate finance and M&A background.



~1 year

Stefan Heczko
CEO SECO Northern Europe

Previously CEO of Garz & Fricke GmbH. 10+ years experience as executive in industrial companies.



15+ years

Gianluca Venere
CIO

10+ years experience in business development, sales, innovation and internationalization for SECO Group.



2 years

Lorenzo Mazzini
CFO

Served as CFO in several public and private companies. Strong experience in IPO and M&A transactions.



2 years

Dario Freddi
CEO SECO Mind

Previously founder and CEO of Ispirata Srl. Strong data orchestration background in primary worldwide leading companies.



4 years

Maurizio Caporali
Chief Product Officer

Previously co-Founder and CEO of AidiLab. Joined SECO in 2018 as IoT BU Product Manager and R&D Project Manager.



5+ years

Marco Parisi
Head of IR

Business Manager of SECO from September 2019. Financial advisor of SECO from September 2016 to September 2019.



~1 year

Ajay Malik
CEO SECO Mind US

30+ year experience in high-tech, IoT and AI. Former executive in Google, Cisco, Qualcomm, Motorola.

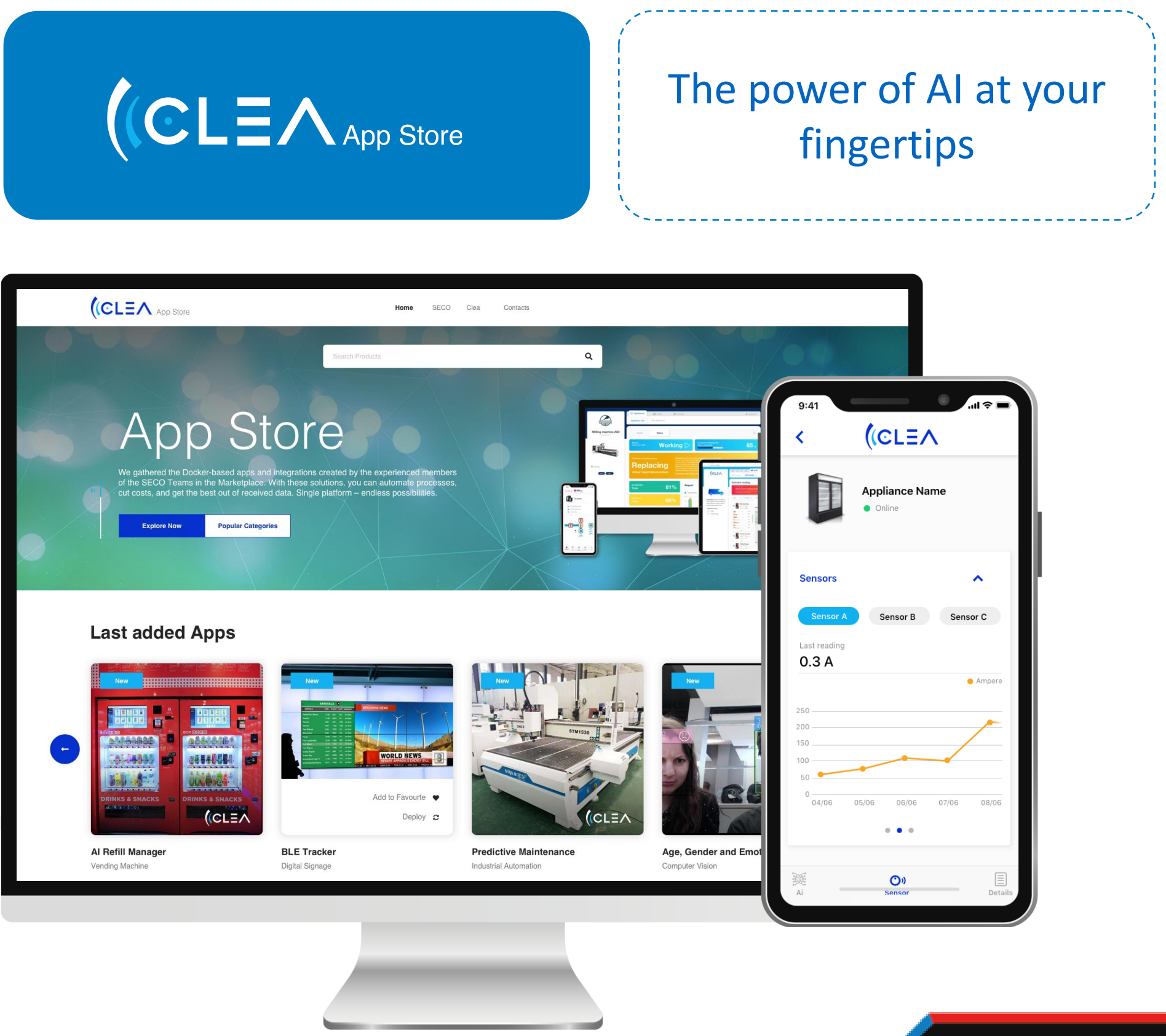
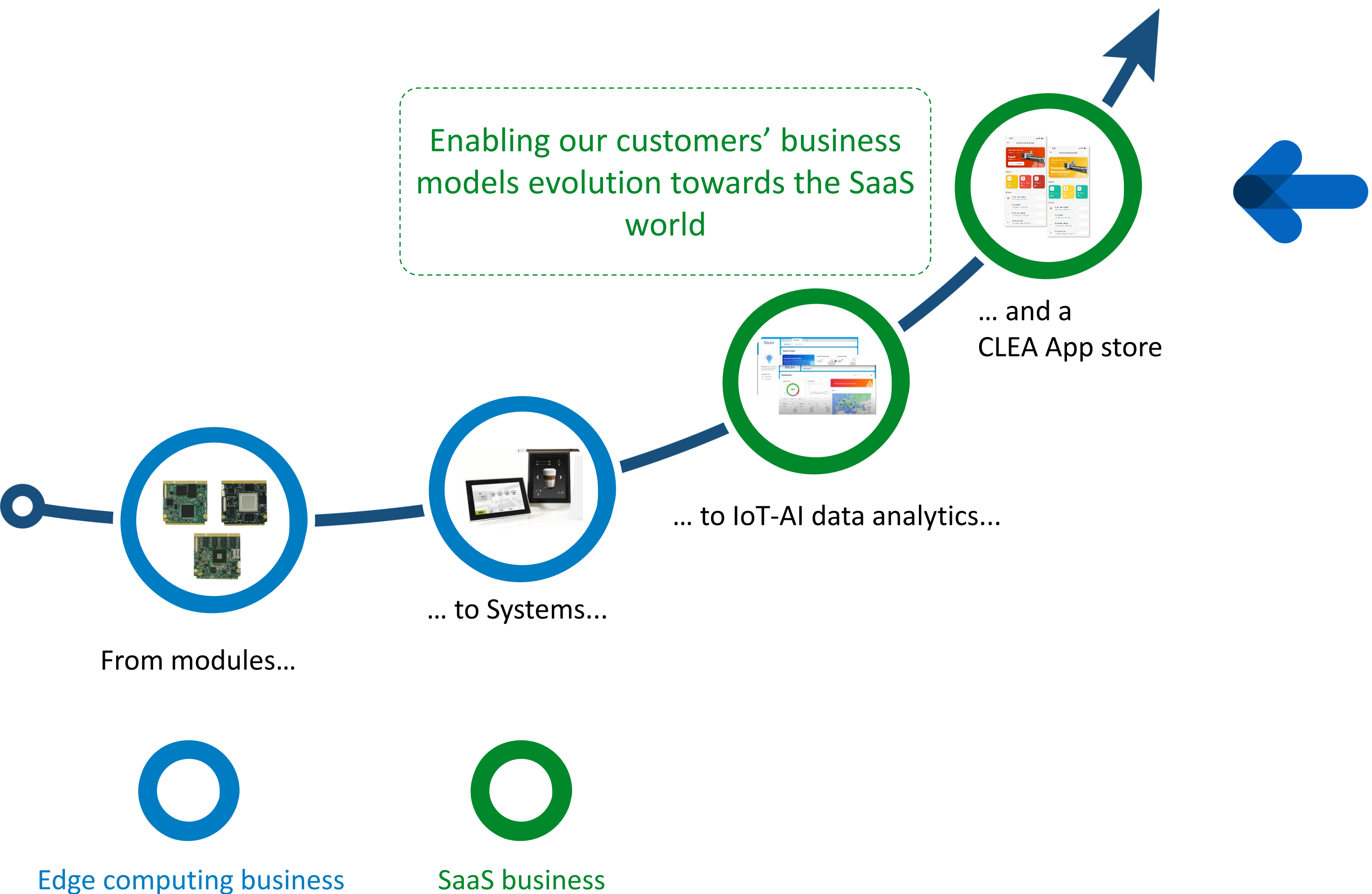
years



Endless ways to the future

SECO at a glance

Our offering from Edge to AI: unique market positioning vs. competitors



CLEA: the value of AI

The people of SECO Mind



We are an AI as a Service Company.

Our vision is to **augment the abilities of machines and people** by using **AI everywhere** computing takes place.

~150
People

Silicon Valley, India,
Italy, Germany & Brazil

Neuroscientists, Data scientists, Software
Engineers, Hardware Engineers, and Cloud SREs

CLEA: the value of AI

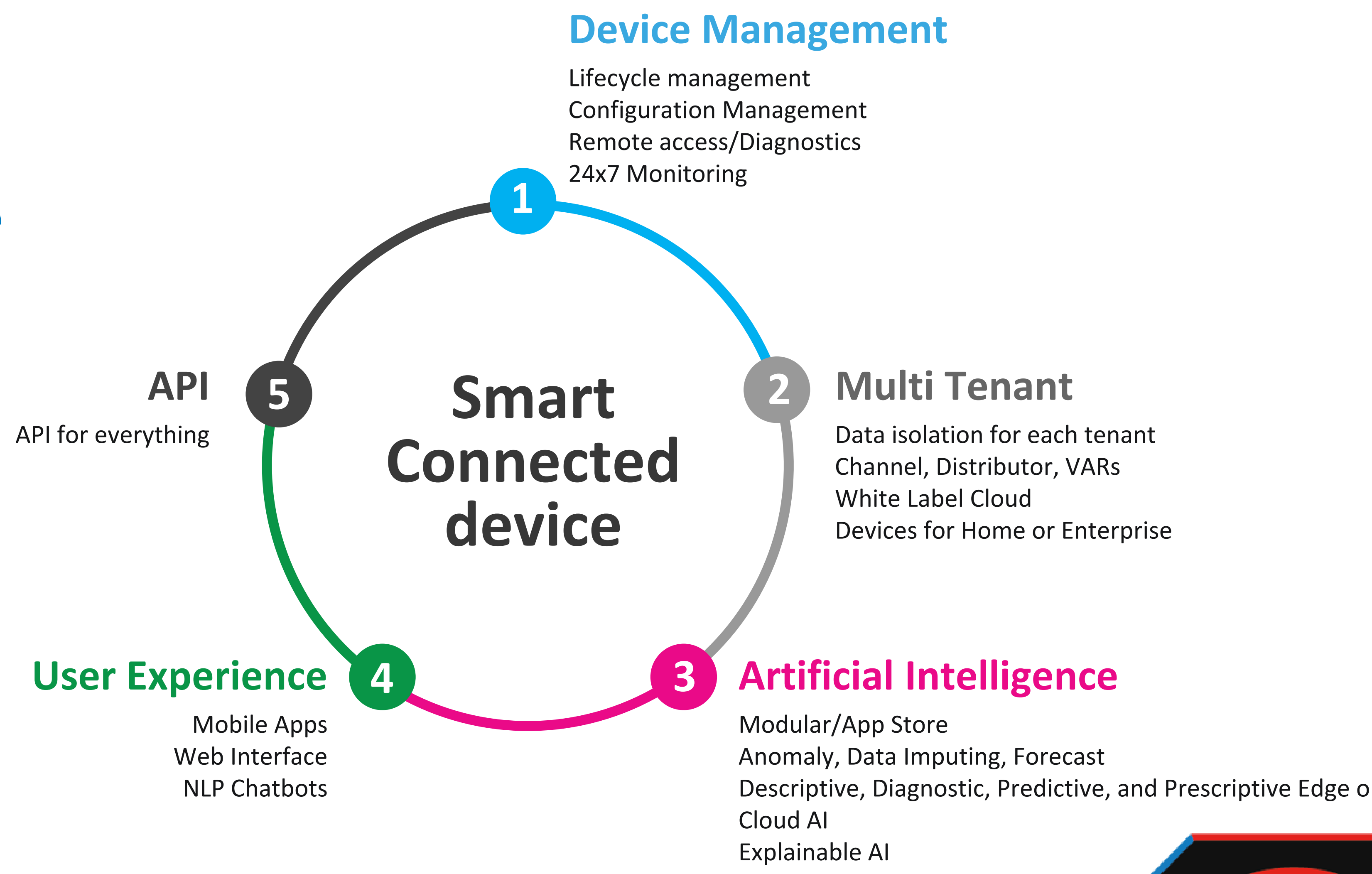
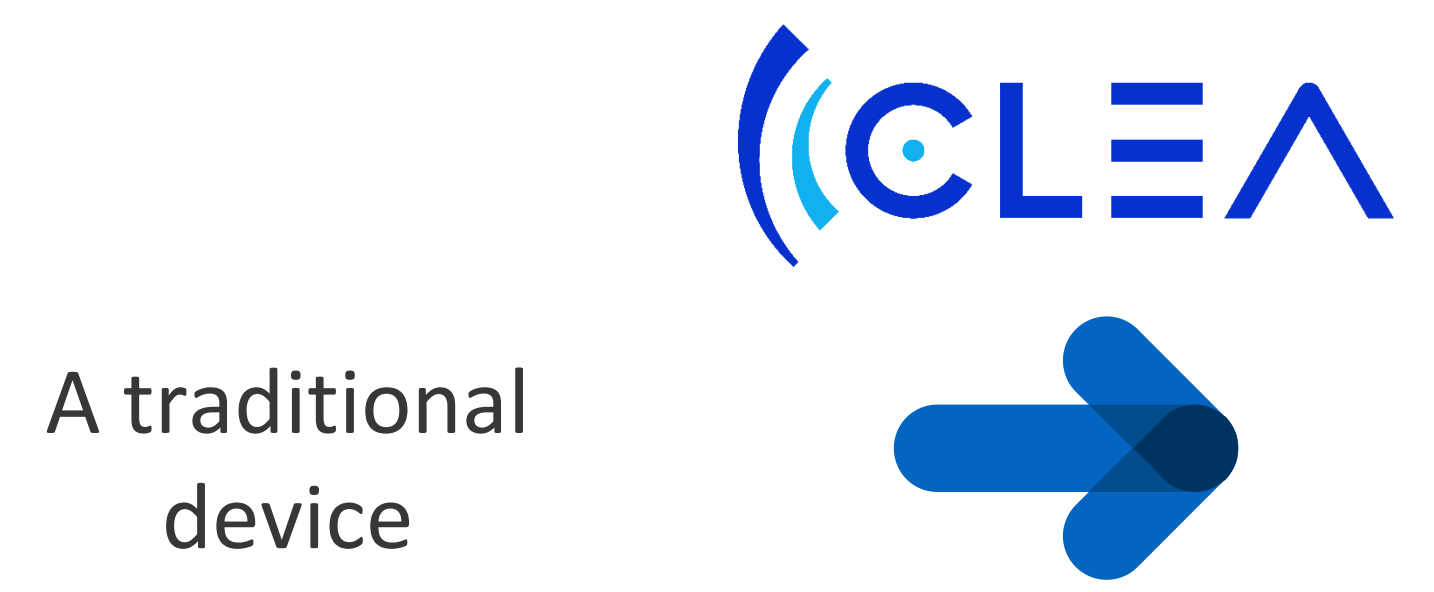
Our AI capabilities



CLEA: the value of AI

Run AI anywhere: it's easy!

Make any device an intelligent connected device



Vertical Applications of CLEA

Products & Services Value Proposition

Reinvent value proposition and business model by shifting from products to services

Value for Your Customer and Your Business

Fast Time to market

Accelerate customers' go to market strategy

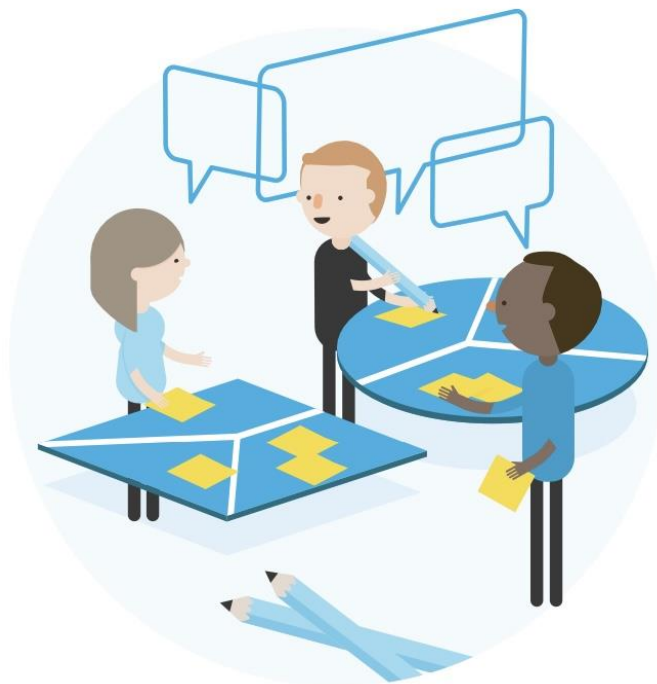
Minimizes risk of failure

Helps create products and services people want

Deliver what customers want

Develop services around device

SECO Service Design Consulting for AI & IoT solutions



CLEA for customer's cost reduction:

Support optimization

Predictive maintenance

Refill optimization

CLEA enables a new business model for our customers:

Subscription Revenues

Recurring Revenues

Transform a technology (innovation) into a fashionable trend.



Technology Push

Market Pull

Turning Technology into a Viable Business

Win-win

CLEA Apps
For Vertical Markets



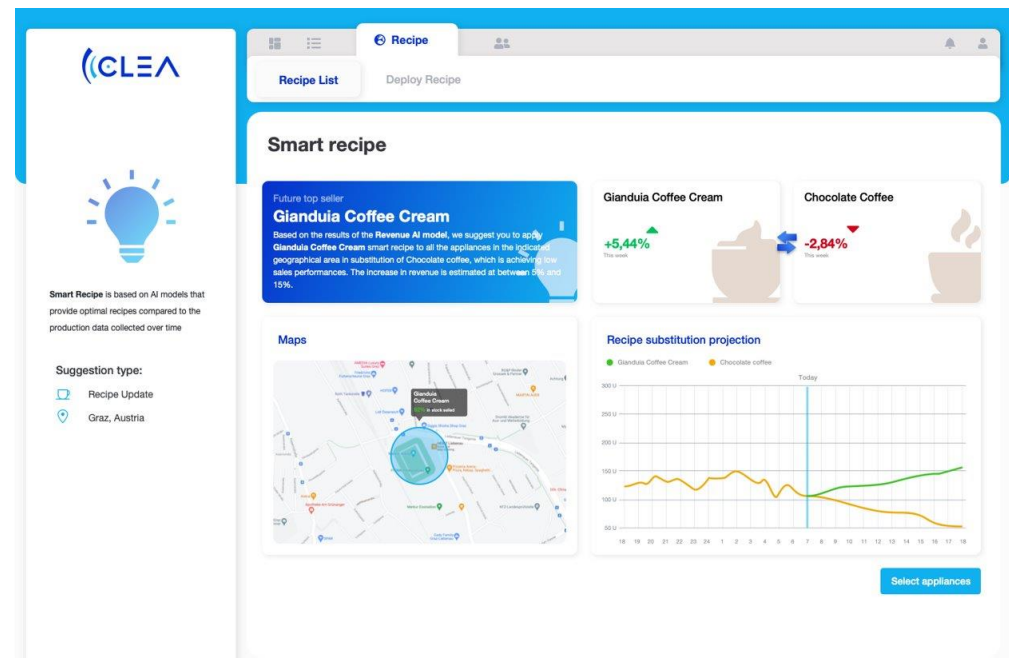
Endless ways to the future

Vertical Applications of CLEA

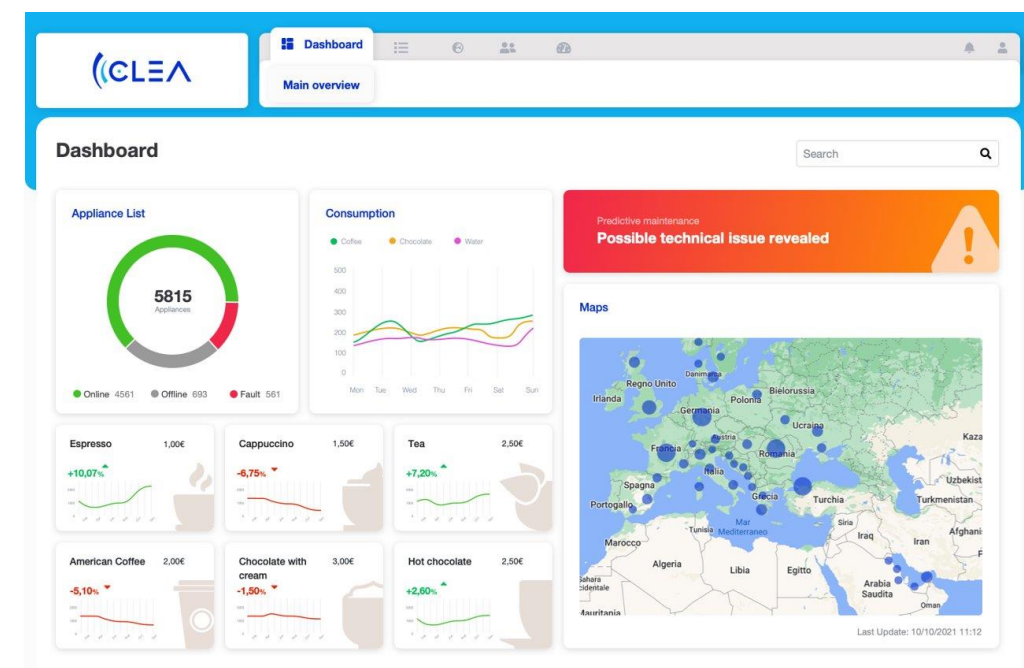
How customers can generate higher margins, recurring revenues, better differentiation



CLEA Vending Machine Apps



Recipe Sales Trends Analysis App

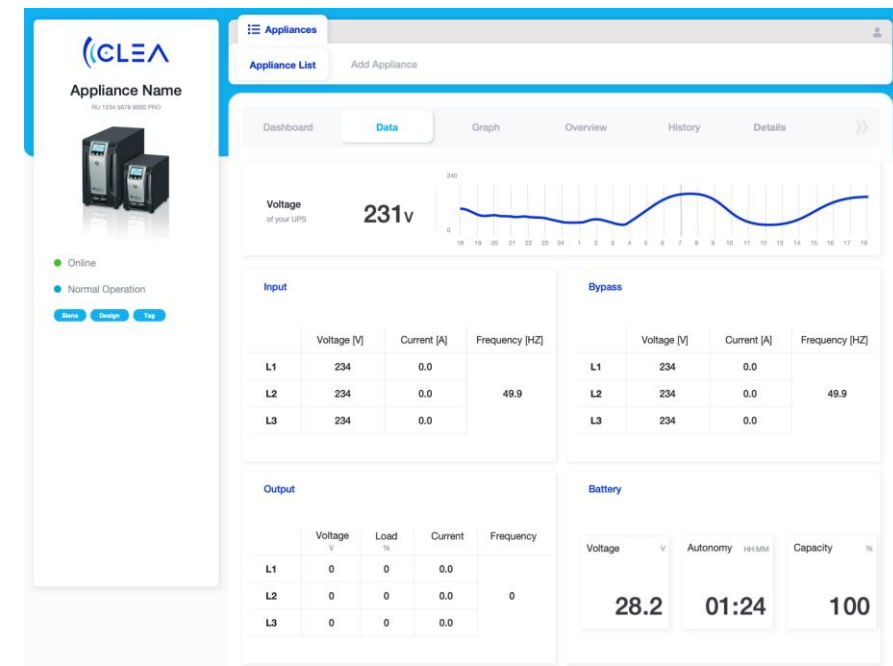


Fault Detection & Machine Downtime Reduction

AI Smart Refill

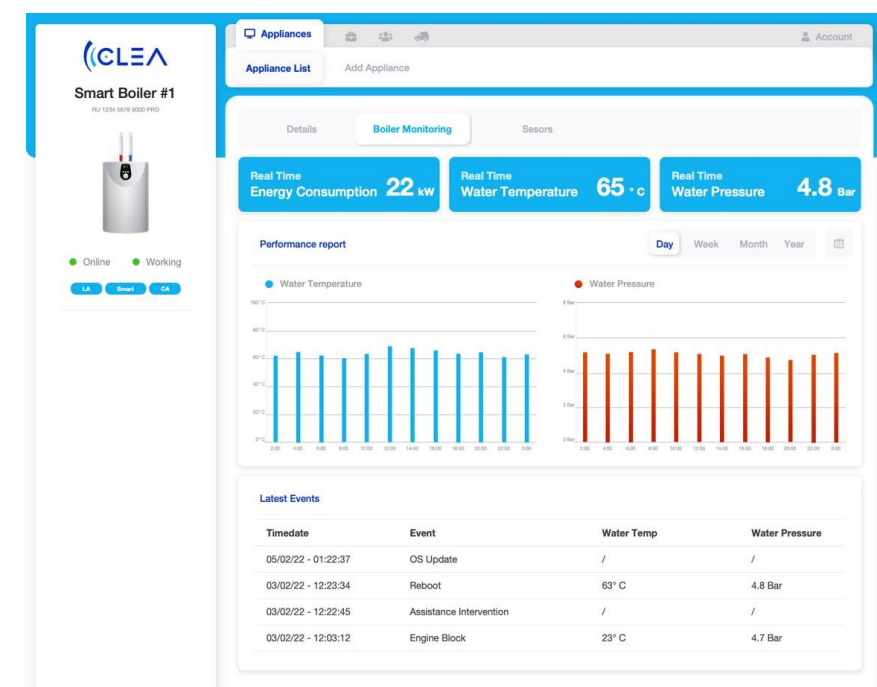
Landing Page

CLEA UPS App



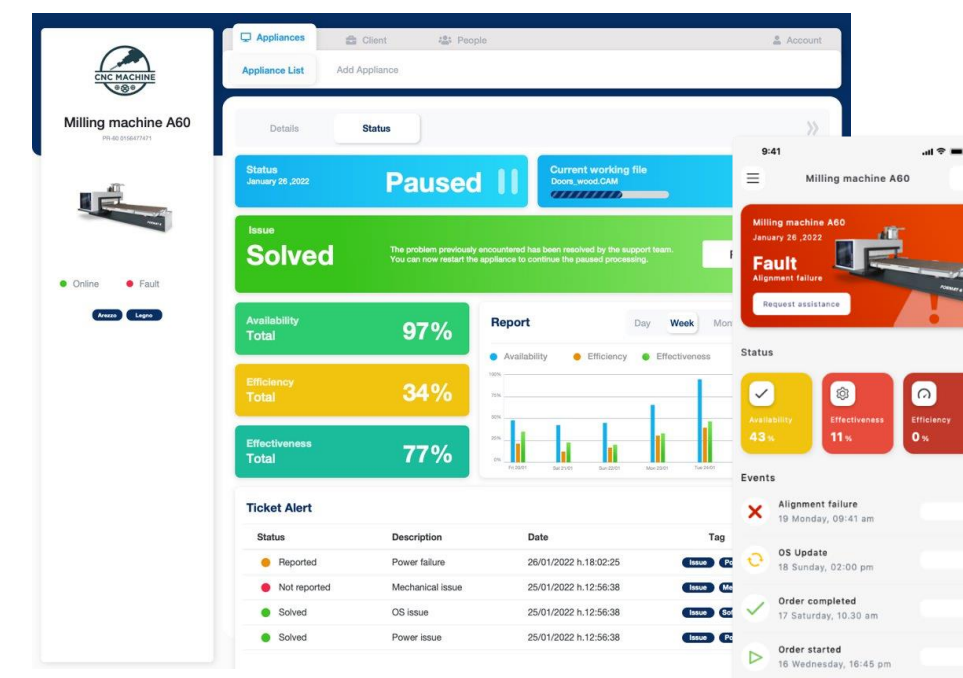
UPS Management

CLEA Boiler App

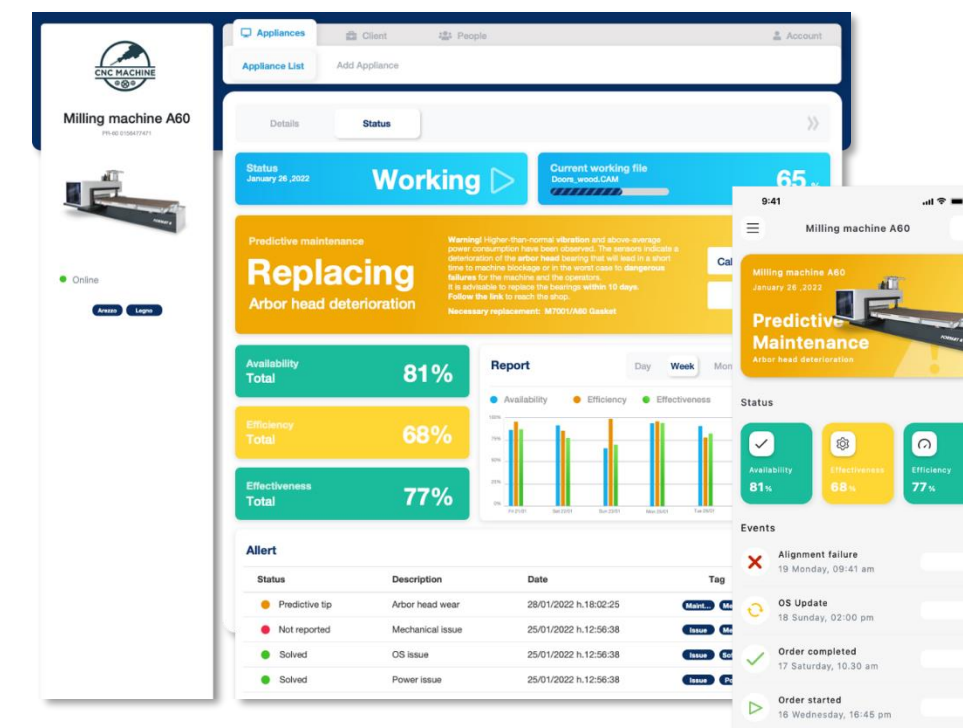


Boiler Predictive Maintenance

CLEA for Industrial Apps

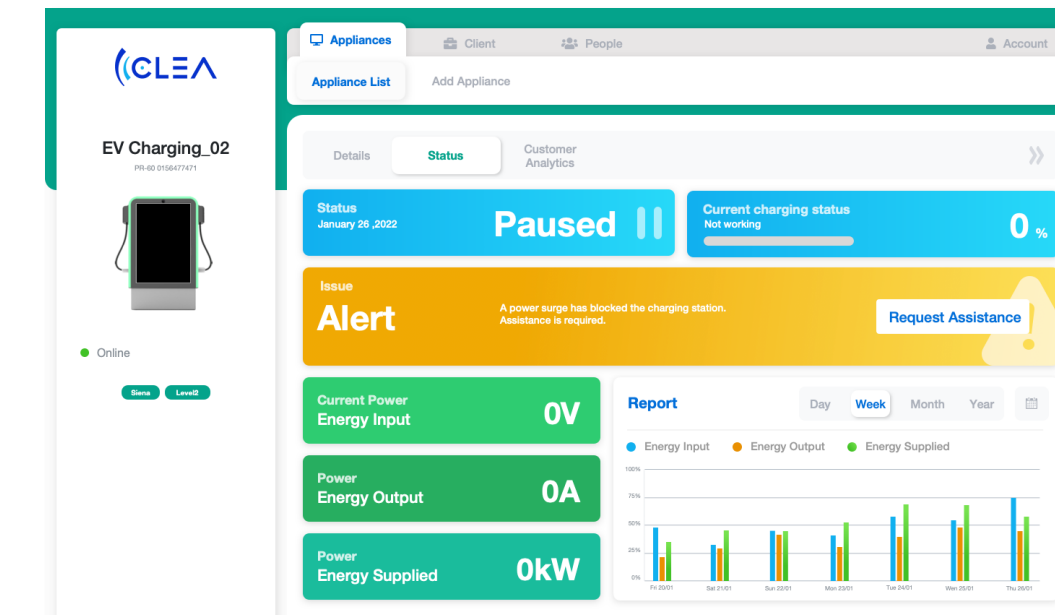
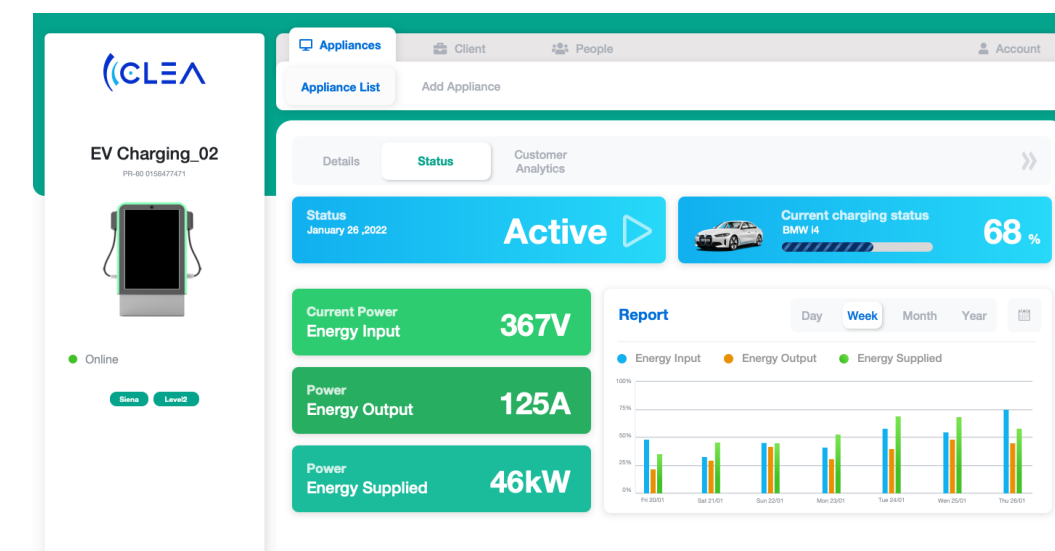


AI Remote Assistant



Predictive Maintenance

CLEA AI EV Charging Station Apps



AI Remote And Predictive Assistant

CMS for Digital Signage

Landing Page



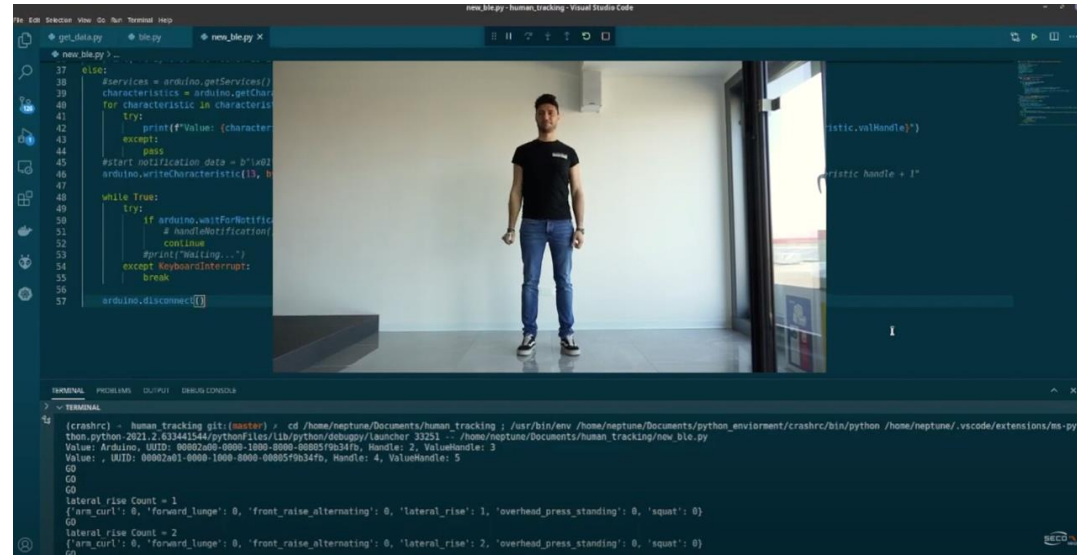
Endless ways to the future

Vertical Applications of CLEA

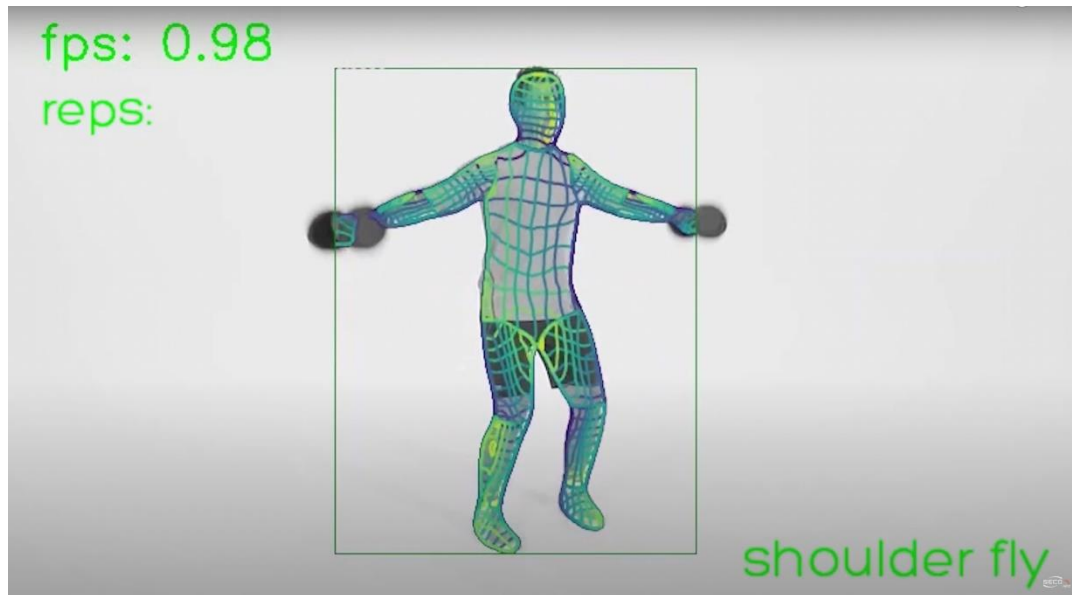
How customers can generate higher margins, recurring revenues, better differentiation



CLEA Fitness App

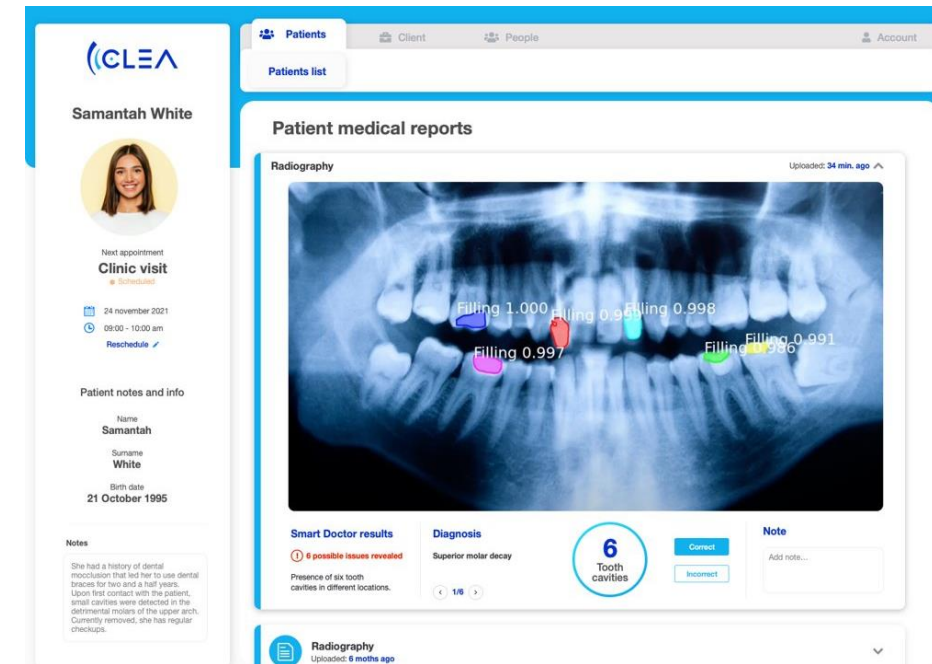


Smart Dumbbell



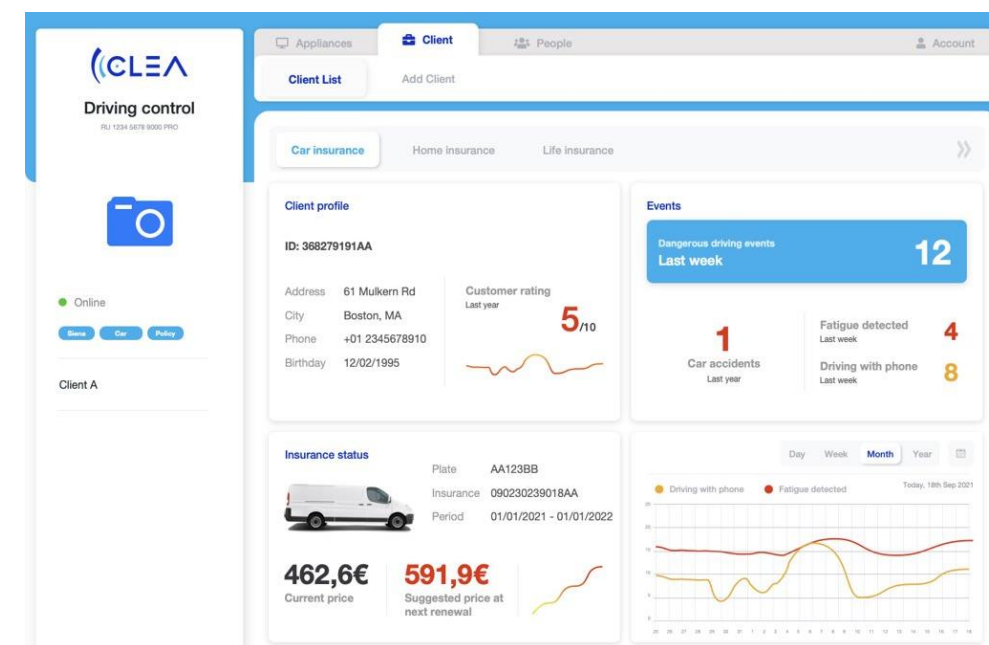
Exercise Recognition & AI Personal Trainer

CLEA Healthcare App



AI Tooth Cavity Detection App

CLEA Automotive App

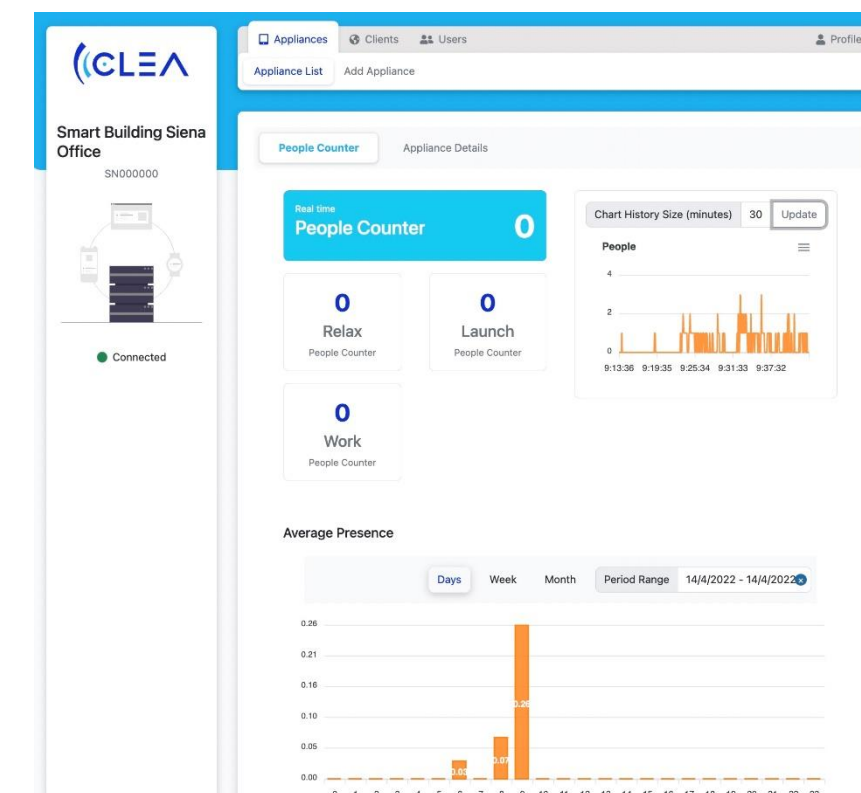


AI Driver concentration App

CLEA for Smart Cities

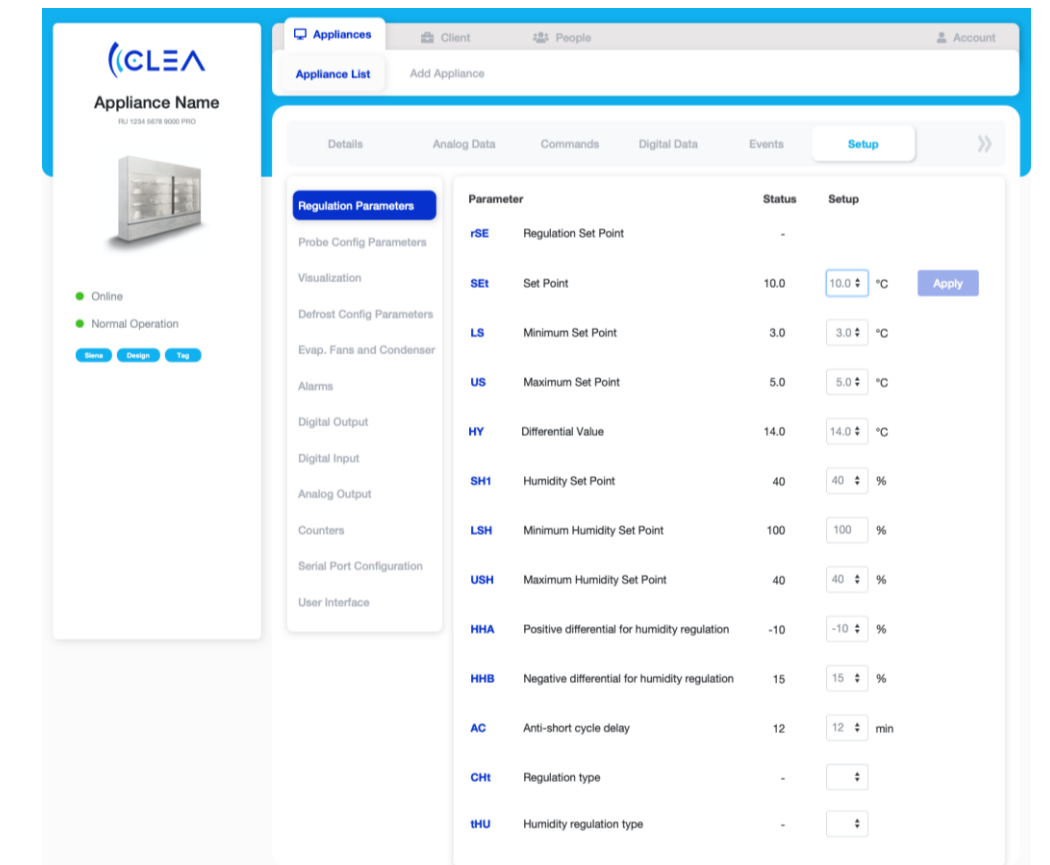


BLE Audience Analysis



People Counter and Tracking

CLEA Refrigeration App



Remote Setup and Management



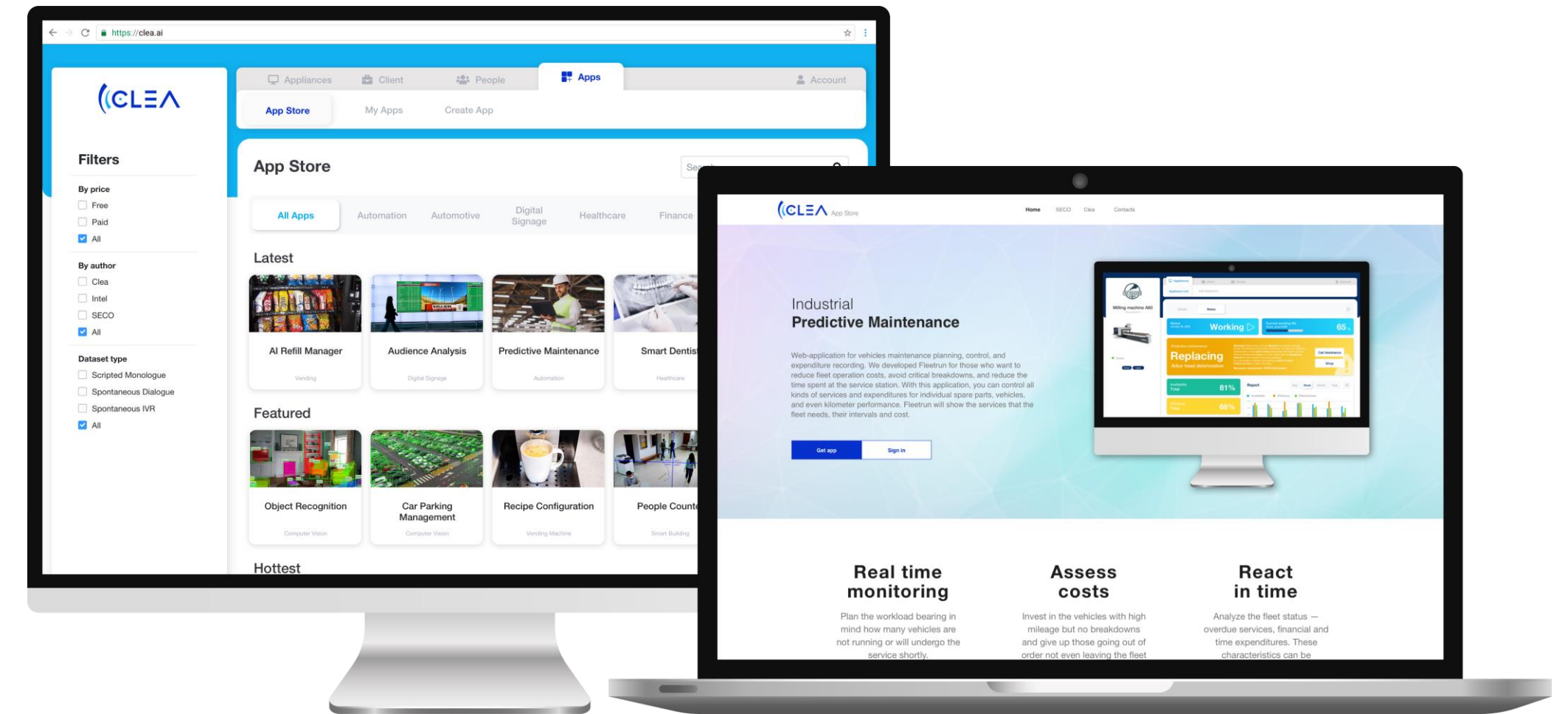
An innovative strategy for a long-term growth path

Deeply understanding customers' needs proves crucial when it comes to customizing AI algorithms

Strong value creation opportunity from introducing specific functionalities for each vertical

Each sector has its own KPIs to watch, making AI customization change significantly across each vertical

Cross-sector experience generating strong IP for each vertical: launching the CLEA App store



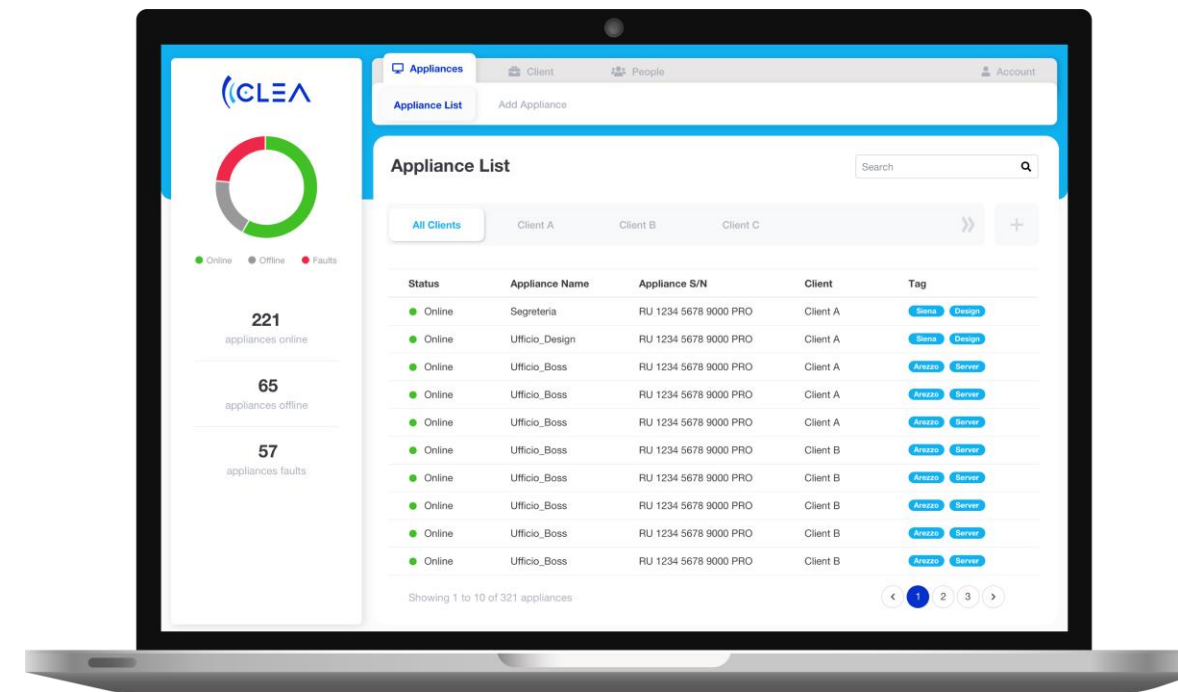
“Apple-like” successful approach based on an ecosystem of applications and connected devices with proprietary hardware and software

An innovative strategy for a long-term growth path

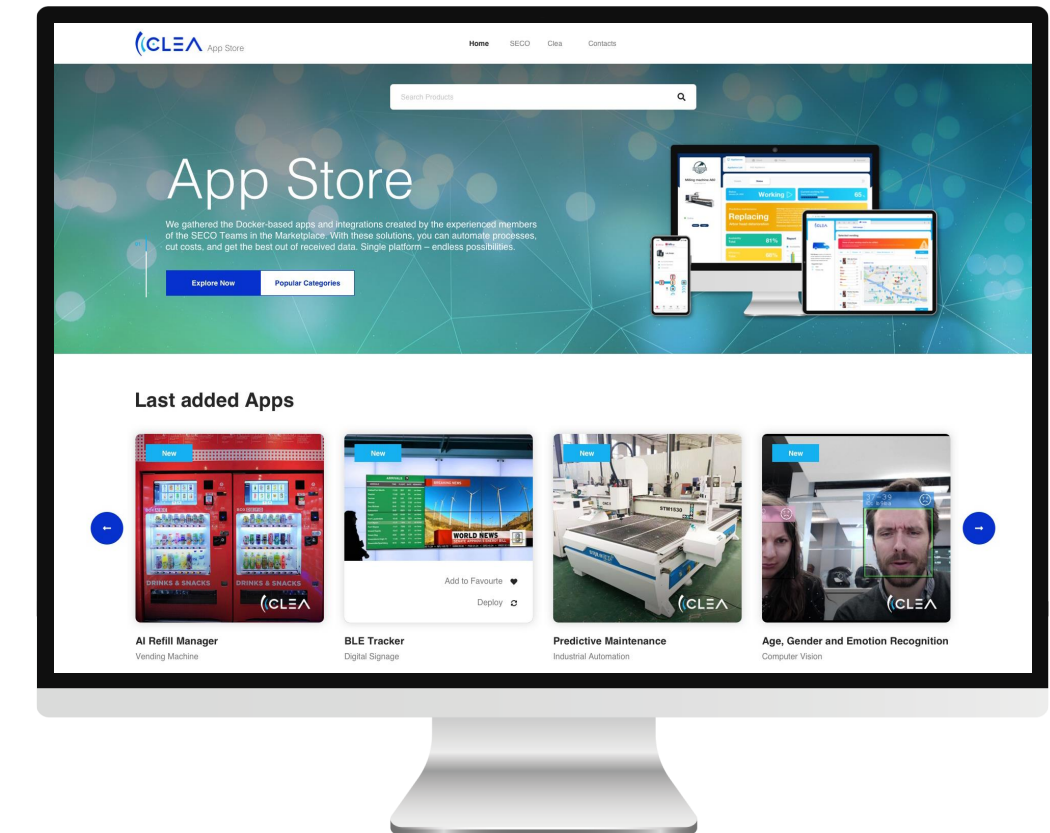
What's next? Complementing organic growth with additional, value-accretive transactions to further expand our competitive advantage



Edge computing



CLEA



CLEA App store

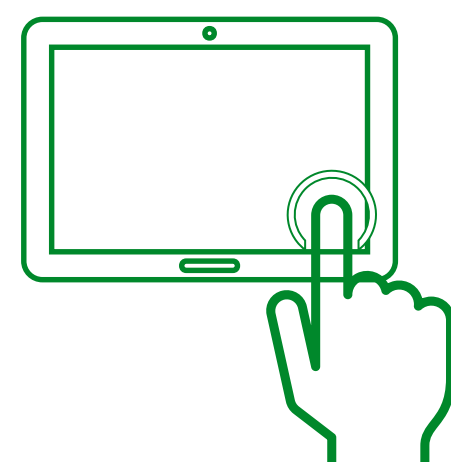
M&A: key focus areas by segment



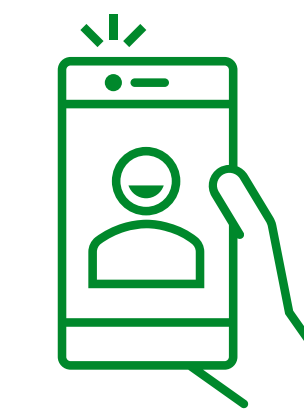
Customer base



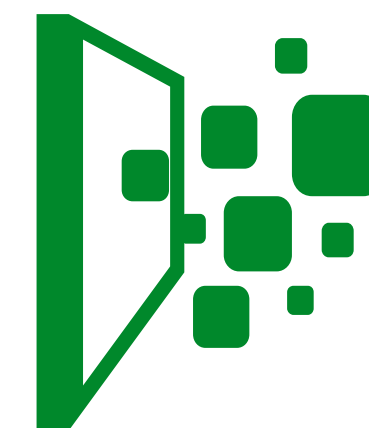
Geographies



New technologies and functionalities



New Apps





Endless ways to the future

Thank you
